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NEWS SUMMARY

GENERAL

Ethiopia claims Jijiga victory

Ethiopia has launched a tank assault on the Somali-held town of Jijiga. The Ethiopian Embassy in London claimed that Somali troops in the town had been routed and that Jijiga and the surrounding area was now under Ethiopian control.

Ethiopia said that Somali forces were "defeated and crushed with catastrophic losses" and added: "The national tricolour of Ethiopia is now flying in Jijiga."

Somalia said the assault was being carried out by Soviet and Cuban troops. The West Somali Liberation Front is reported to have said that Somali forces had pulled back to defend Jijiga. The Somalis deny having lost control of the town and claim to have destroyed several tanks and three MiG-21s. Back Page

Settlements concession

Mr. Menahem Begin, the Israeli Prime Minister, has agreed to a slow-down in Israel's programme of settlements in the occupied West Bank and Sinai. The move has been interpreted as a concession to U.S. pressure.

Mr. Ezer Weizman, Defence Minister, issued an order stopping all work on preparation of land for a new West Bank settlement which had earlier been approved in principle by the Israeli Cabinet. Back Page

China elects Hua as Premier

Hua Kuo-feng was unanimously elected Premier of China and will also continue as Chairman of the Chinese Communist Party. Teng Hsiao-ping retains the post of First Vice-President and Hsu Hsiang-chien becomes Defence Minister. Back Page

Tories change race emphasis

Tory leaders are determined to retain immigration as a major pre-election issue but hope to end allegations of cheap vote-catching by emphasising the party's commitment to good race relations. However, the Shadow Cabinet is likely to propose introduction of a quota system and a register of dependants. Back Page

'Hit IRA harder'

Unionist MPs are likely this week to urge Mr. Roy Mason, the Northern Ireland Secretary, to introduce a tougher policy against the IRA, which has killed ...e people in the last week. ...dustrial base, Page 7

Briefly . . .

Two Spanish policemen were killed and three injured when their patrol car was machine-gunned in Vitoria. Basque separatists are believed to be responsible.

Premium Bond £50,000 weekly prize goes to Kent, holder of bond number 3BF 081411.

...Wigan's nine winners on Saturday included his three starred selections, providing a double for the second consecutive ... To-day's racing, Page 10

...lian police arrested 25 people and confiscated equipment used to turn $1 notes into $100 notes. Millions of dollars worth of the counterfeits are circulating in Europe.

... Klux Klan Grand Wizard David Duke says he will spend another fortnight in Britain. Mr. Merlyn Rees, Home Secretary, said he did not plan to deport Mr. Duke.

About 40 West German papers are not expected to appear to-day because of strikes and lockouts ... printers seeking an agreement that computerised technology will not mean loss of jobs.

Three people were killed and 26 injured at Windhoek's Katutura township during fighting between Herero tribesmen and SWAPO supporters.

BUSINESS

Profit recovery could peter out

● THE RECOVERY in company profits could peter out later this year, according to the latest Financial Times survey of business opinion.

More companies are now forecasting slimmer profit margins and lower rates of return on capital, in spite of the growing activity and confidence in consumer-orientated sectors of industry. Back and Page 28.

● TRADE LINKS with Bulgaria and Romania show considerable scope for improvement, Mr. Edmund Dell, Trade Secretary, has said on his return from a four-day trade visit. A number of substantial projects had been discussed, he said.

● TWO out of five of Europe's top businessmen regard British managers as arrogant with customers and suppliers overseas, demoralised by industrial conflict and economic problems and "too motivated by social class to be able to motivate their workers," according to a management report. Page 4

Iran signs £120m. Airbus deal

● IRAN has signed final contracts to buy six European Airbus aircraft, and has taken out options on another three, in a deal with about £120m. Page 3

● WHITE PAPER on the use of North Sea oil is expected to be launched personally by the Prime Minister in the middle of this month. The paper will list the possible uses of oil revenues and point to general priorities. Back Page

● SAUDI ARABIA has told Aramco, which produces nearly all Arabian oil, to limit the off-take of light crude to 65 per cent. of total production, to conserve stocks and help sales of other OPEC members. Page 2

The country's Economics Minister affirmed at the week-end that Saudi Arabia will adhere to the dollar as the currency used for oil exports.

● TESCO has decided to stop buying bread from Spillers and concentrate purchases on Associated British Foods and Ranks Hovis McDougall. The Tesco order is worth £5m.-£6m. to Spillers. Page 4

● OFFSHORE PLATFORM workers at McDermott Ardersier will resume normal working to-day, following their eight-week dispute over flexibility. Page 4

● SHOPWORKERS' union leader, Lord Allen, has said that his members are increasingly resentful at the threat of losing their jobs in the supermarket price war, and the union would give full backing to workers fighting to save their jobs. Page 4

● U.S. CAR sales declined in February for the third month running, although imported cars managed to increase their 19 per cent. of the market slightly. Page 2

● AUSTRALIAN whaling town of Boydtown in New South Wales is up for sale. The town, which includes an inn, general store and two kilometres of beach, was last purchased in the mid-1950s.

COMPANIES

● LONRHO is considering its legal position over the disappointing annual results from its subsidiary Dunford and Elliott. Page 26

● BROWN BOVERI sales rose 11 per cent. to DM3.83bn. in 1977 from DM3.44bn. The gain was attributed to a 56 per cent. rise in foreign sales. Earnings are expected to match last year's figure of DM49bn. Page 27

U.S. miners vote against strike settlement

BY JOHN WYLES, NEW YORK, March 5

President Carter is poised to try to force an end to the 90-day coal miners' strike. Early returns indicate that miners have voted against the proposed settlement terms by a majority of more than two to one.

With more than half the United Mineworkers' Union's 794 branches reporting results of a week-end ballot, the vote from 482 branches was 44,660 votes to 19,885 to reject the proposed contract.

With the votes of the most heavily populated and most militant districts of West Virginia still to be counted the odds were heavily in favour of a substantial rebuff to the Carter Administration's peacemaking efforts.

The settlement terms were wrested from the coal employers under heavy White House pressure nine days ago, and commended as in the nation's and the miners' interest by President Carter.

A vote against the contract would make the coal strike a key test of Presidential leadership. Mr. James Schlesinger, the Energy Secretary, said in a television interview this morning that while the President had not made a final decision, a move to seek a return-to-work injunction under the Taft-Hartley Act seemed the most likely course of action.

This would require the 160,000 miners, who cut about half America's coal, to resume work for an 80-day period during which fresh attempts would be made to find a settlement.

If no agreement were reached miners would be balloted in the final 15 days of the period on the last offer by the employers. All ballots conducted under this procedure in the past have resulted in rejection of the last employers' offer by the workers.

Mr. Schlesinger revealed that court affidavits supporting the application for an injuction had been prepared, and that the Administration was exploring, with the Bituminous Coal Operators' Association, representing the employers, the possibility of implementing some of the pay rise provisions of the rejected contract.

This initiative is based on the hope that a pay rise "sweetener" might induce the miners to obey an injunction under Taft-Hartley. Two similar injunctions by the Truman Administration were flouted by the miners, and failed to secure resumption of normal coal supplies.

Power danger

If the employers refuse to introduce the pay rises then the Administration may seek Congressional legislation enabling the Government to seize and operate the mines. In these circumstances a final settlement could, if necessary, be forced on the employers.

But the situation is now full of pitfalls for the Carter Administration.

On the one hand it must act to avert large-scale industrial closures in the Middle West and the Appalachians, where electricity supply companies are critically short of coal.

On the other hand it must avoid setting too many precedents which can influence the course of national contract bargaining, due in other big industries this year and next.

There is evidence that some miners have voted against the settlement out of the belief that a more acceptable contract can be won through Government intervention. There is some support in Congress for a tough line against the miners now that they have spurned the results of the Administration's best efforts.

But given the mining community's traditional solidarity and the deeply ingrained combativeness it brings to an industrial dispute, it is difficult to see what the rewards of a tough line might be.

If the miners were to ignore Taft-Hartley they would cease to be entitled to Federal food stamps, which have been very helpful in carrying them through the 90 days without pay.

However, withdrawal of the food stamps and any other punitive action would give support to the militant line that the strike is now a defence of hard-won freedoms which miners cannot be starved into surrendering.

Militants called the employers' offer a "yellow-dog" contract, meaning it was dictated and not negotiated.

This further damaged the already waning authority of Mr. Arnold Miller, the union president.

U.K. may quit UN post for Rhodesia debate

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

BRITAIN IS likely to step down from the chairmanship of the UN Security Council, a post it holds only for March, if the expected debate on Rhodesia takes place in New York this week.

Dr. David Owen, the Foreign Secretary, who may attend the debate, is expected to decide British strategy to-day or to-morrow. But though he believes that the debate is ill-timed at this stage, he recognises that in the wake of Friday's so-called internal settlement in Salisbury, the UN session is likely to be stormy.

He is understood to feel that Britain could best maintain its attempted even-handed approach between the parties to the Rhodesian dispute if it stood down from the chairmanship.

There can be little doubt that Britain will be given a rough ride at the UN, whether it is in the chair or not. Dr. Owen has invited the four main nationalists leaders to New York—partly, it seems, to defuse African criticism of Britain's allegedly favourable attitude towards the internal agreement.

But in Lusaka at the week-end, Mr. Joshua Nkomo, co-leader of the Patriotic Front which has threatened to step up the guerilla war against the internal settlement, said that his party's leaders would attend the UN debate under their own auspices and not in response to the British invitation.

The party's strategy appears to be to get UN condemnation of the Salisbury deal and to prevent its main African signatories, Bishop Muzorewa and Rev. Sithole, from attending. Such a course could involve Britain and possibly the U.S. in applying a veto.

In London to-day, Dr. Owen is to meet Bishop Muzorewa, whose stated intention is to seek British recognition for the interim government which, according to the Bishop, will be established in Salisbury in about two weeks.

Dr. Owen has made it clear that there is no question of British recognition at this stage. But he said on a BBC programme yesterday that were it to prove impossible to "reduce the gap" between the Popular Front and the internal leaders, Britain might well have to accept an independent government in Rhodesia formed after elections there.

● The Rhodesian Government announced a curfew on an area outside the northern and eastern edges of Salisbury's outer suburbs.

No one will be allowed, under the curfew, to move more than 50 yards from any dwelling during darkness. It will cover an area 40 miles long by 10 miles deep. A Rhodesian official denied that it was a response to Saturday's bomb blasts in the capital. Reuter

Caution on all sides, Page 2

Benn row angers power leaders

BY ROY HODSON

TOP MANAGEMENT and union leaders in the electricity supply industry are furious that their industry is being used as a political football—the phrase was used by an Electricity Council member—in a row between the Parliamentary Liberal Party and Mr. Anthony Wedgwood Benn, the Energy Secretary.

Declaring Liberals' hostility to Mr. Benn in a week-end speech, Mr. David Steel, Liberal leader, said it was obvious that Mr. Benn's view of the Lib-Lab pact was that it existed as an unwelcome necessity, "solely to provide lobby fodder for whatever extension of Bennery that takes his fancy." Mr. Benn, he said, was one of four Cabinet Ministers opposed to the pact.

The Electricity Bill, which has been awaited by the industry for several years, is the immediate casualty of Liberal objections to Mr. Benn. The Liberals told the Government last week that they would not support the Bill in the House because it would give Mr. Benn more ministerial power.

Based on the Plowden Committee recommendations of two years ago, the Bill was intended to reshape the industry for the future with a less federal and more centralised management structure. Mr. Steel said Liberals opposed the Bill because it would extend Mr. Benn's power and the patronage and corporate bureaucracy he could exercise.

Sir Francis Tombs, chairman of the Electricity Council, said yesterday: "I find it extremely depressing that legislation that is accepted by management and unions as in the interests of the industry should be held up by conflict of this kind."

Sir Francis is angry because his entire strategy for streamlining and unifying the electricity industry — as agreed with the Government when he left the chairmanship of the South of Scotland Electricity Board last year to direct the industry in England and Wales—is being blocked. At the time of his appointment he was promised that the Government would support his proposals for reform based upon Plowden.

Since being in office he has given priority to two targets: a new power station ordering programme for nuclear and conventional stations, and a new management structure involving the creation of a Central Electricity Board in place of the present system of two national authorities, (the Electricity Council concerned with policy and the Central Electricity Generating Board concerned with production).

More steelmen take redundancy

BY ROY HODSON AND PAULINE CLARK

WHILE Mr. Eric Varley, Industry Secretary, and his Cabinet colleagues are trying to produce before Easter a statement on British Steel Corporation's future which will be industrially and socially acceptable, a growing number of steelworkers are accepting redundancy payments agreed locally.

A 17-man committee of union leaders in the steel industry is to meet Mr. Varley to-day, to make a joint appraisal of the progress so far in cutting loss-making areas in the industry.

It will be the third time that the TUC steel industries committee has been involved in top-level talks on the industry's future in the past three months.

The meeting could also be the last to take place before Mr. Varley makes his promised statement on the closure of high-cost plants other than those mentioned in the Beswick report.

Two new works closures took effect in Scotland yesterday, after negotiations between the unions and local managements.

Altogether, nearly 450 men are accepting voluntary redundancy. The new redundancies, bring British Steel's workforce down to 199,000. Less than a year ago, the corporation was employing 208,000.

About 350 men employed on the coke ovens at the Clyde Ironworks agreed by the week-end to accept voluntary redundancy in return for redundancy payments and compensation for the closure of their plant before the scheduled date of 1980.

They were following the example of 800 men engaged in ironmaking at Clyde Iron who took redundancy pay and allowed closure last October.

At the Scottish steelmaking plant at Ravenscraig, a further 90 men closed the open-hearth steelmaking shop on Saturday in

Continued on Back Page

Communists will back Andreotti

BY DOMINICK J. COYLE IN ROME AND PAUL BETTS IN NAPLES

ITALY'S seven-week political crisis is virtually over, and Sig. Giulio Andreotti, the Christian Democrat leader and caretaker Prime Minister, is expected to form a new minority Government this week.

For the first time in 30 years, the Christian Democrat Administration will be supported directly in Parliament by the Communist Party.

Sig. Enrico Berlinguer, general secretary of the Communist Party, confirmed this yesterday during a speech in Naples to a gathering of 4,000 Communist trade union members.

Sig. Berlinguer called the pact a "major step forward" for the party, the largest Communist Party in the West.

The new Government is expected to include a number of "technicians" known to be sympathetic to the Left.

Programme

The Christian Democrats will now be supported in Parliament by the Communists and the other main Opposition parties. However, the small and anti-Communist Liberal Party may abstain on the vote of confidence.

The new Administration, Italy's 40th since the fall of Fascism, will have a limited economic and social programme.

It will include measures to ensure that the enlarged public sector deficit this year will be maintained at Lire 24,000bn. (£16bn.), the upper limit thought acceptable to the International Monetary Fund.

To operate within this ceiling, the Communists and other opposition parties have reluctantly accepted the imposition of taxes, a further increase in a range of public service tariffs, and the postponement, until fiscal 1979, of a number of State spending plans.

An IMF review mission is expected in Rome within the next few weeks, to monitor progress under the terms of the undertakings incorporated in Italy's Letter of Intent to the Fund last April on the occasion of a further borrowing of $530m.

Consensus

Sig. Berlinguer acknowledged that the Communists had failed to achieve their original demand for the formation of an "emergency government of democratic unity" to tackle the acute economic and social difficulties, and the deteriorating law and order situation facing Italy.

He insisted that hard-line elements in the Christian Democrat Party had been defeated.

Once again, he underlined the Communists' assertion that government by consensus in Italy was no longer possible without an agreed accommodation with the Communists who, on the basis of the most recent General Election, now command some 35 per cent. of the popular vote.

In line with Sig. Andreotti's insistence that the public sector deficit this year would have to be restricted, and reduced over the next four years as a percentage of total GNP, Sig. Berlinguer endorsed the statement to the Naples conference on Saturday by Sig. Luciano Lama, head of the Communist-dominated CGIL union confederation.

Sig. Lama said members would have to accept a range of austerity measures, including moderation in wage negotiations and the principle of labour mobility.

Sig. Berlinguer declared: "The Communist Party must take on the burden of all the heavy problems to resolve the country's crisis if it is to be a national and governing force"—a sentiment which, at least in the context of this Naples' workers' assembly, was endorsed with professed enthusiasm.

The breakthrough in the protracted Italian Government crisis came last night when Sig. Andreotti met once again with leaders of all the main Opposition parties.

A further such summit meeting on some remaining policy details is scheduled for Wednesday.

The Prime Minister-designate is to have talks with leaders of the main trade union confederations, and with the national employer organisation Confindustria.

Optimism

Sig. Andreotti reported directly to President Giovanni Leone last night his optimism that a new Administration could now be formed, although the Christian Democrats' acceptance of Parliamentary support from the Communists is for a limited period, in fact in the first instance, only until new Presidential elections at the end of this year.

As part of a new governing agreement, Sig. Andreotti has accepted that an all-party Parliamentary Commission, or committee, will be named to ensure that broad policy details agreed between the parties are actually implemented by the new Administration.

Big banks object to building society rivalry

BY MICHAEL BLANDEN

THE BIG clearing banks have sent a formal letter to the Bank of England expressing their concern over the growing competition of the building societies.

Their comments repeat the arguments which the banks are also putting in evidence to the Wilson Committee on the financial institutions which is expected to be published in the next few weeks.

They are protesting at what they regard as unfair competition from the building societies, which have been expanding rapidly in recent years.

They suggest that changes should be made to remove at least some of the special concessions enjoyed by the societies.

The move follows a long period in which the banks have felt growing resentment at their loss of deposits to the building societies, which are able to offer interest rates that cannot be matched by the banks.

The competition for funds has been particularly acute during recent months, when interest rates generally have been low.

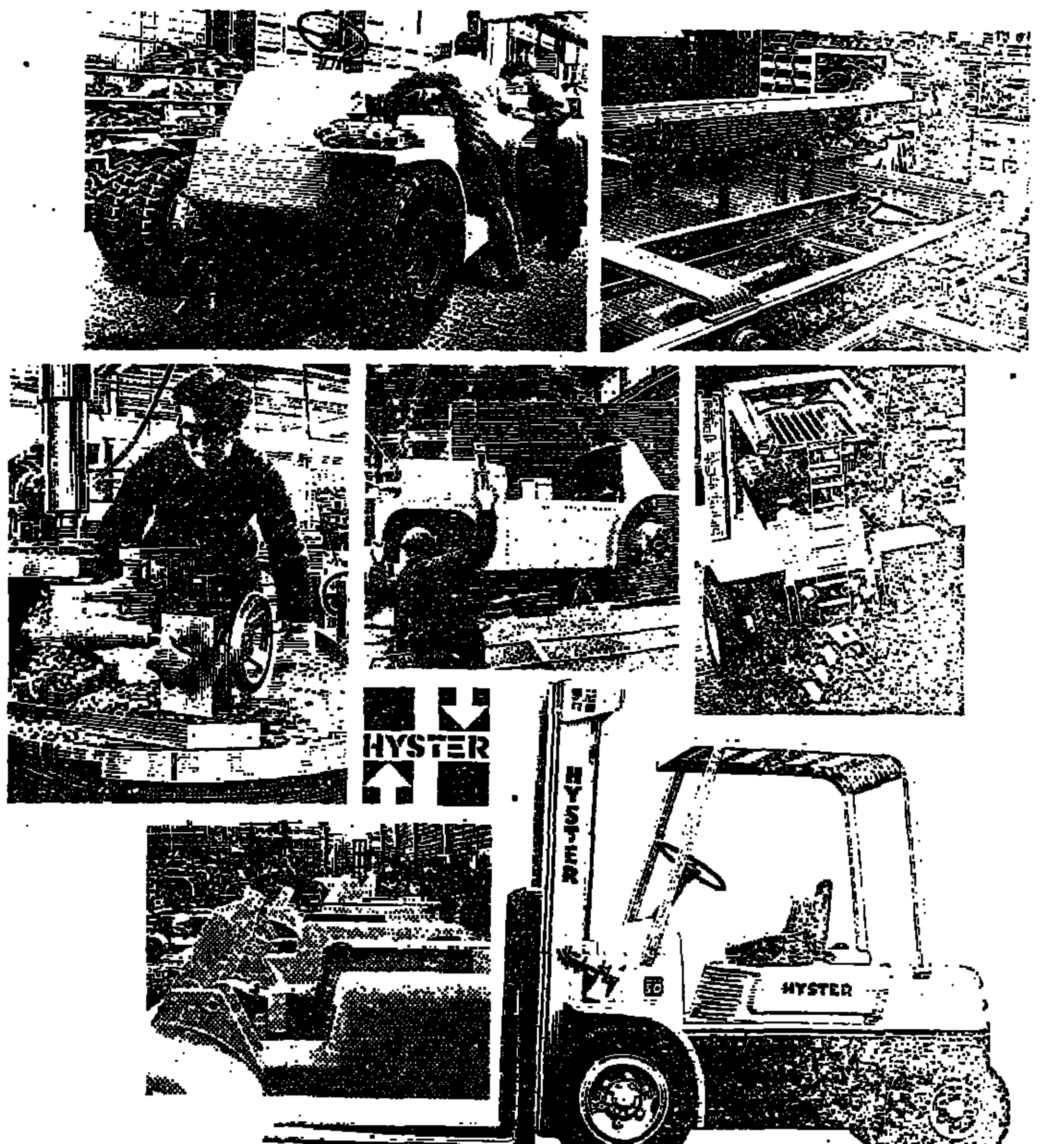
Important

The banks argue that the societies have a number of special advantages. The most important is the tax concessions which enable the societies to offer better rates.

At the same time the societies are said to benefit by not being subject to the monetary controls which the Bank of England exercises over the banking system, and by being excluded from the supervisory regulations due to be formalised soon in new legislation.

The issue is coming to a head partly because of the growing feeling among bankers that the societies, besides these advantages, are able to stay open on Saturdays and increasingly trespassing on their territory by offering a quasi-banking service of cash deposits and withdrawals.

The argument is also important in relation to the debate over the availability of finance for industry and the pressure on the banks to provide longer-term facilities to their customers.



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OVERSEAS NEWS

THE MIDDLE EAST

U.S.-Israel talks likely to centre on Resolution 242

BY JUREK MARTIN WASHINGTON, March 5.

A MAJOR DIFFERENCE of opinion between the U.S. and Israel over the interpretation of U.N. Resolution 242 is threatening to cast a cloud over the upcoming talks here between the Israeli leadership and the Carter administration.

Mr. Ezer Weizman, the Israeli Defence Minister, was flying to Washington to-day, while Mr. Menahen Begin and Mr. Moshe Dayan, the Israeli prime minister and foreign minister, are due here early next week. Mr. Weizman's purpose was to lobby against the proposed arms sales package, which includes the purchase of U.S. aircraft by Saudi Arabia and Egypt, but it is likely that the dispute over Resolution 242 will be accorded greater significance.

The U.S. position is that 242 obliges Israel to withdraw forces to a degree from all the territories that it occupied after the 1967 war, including the West Bank of the Jordan and the Gaza Strip.

Mr. Begin's Government, however, denies that such a commitment is implied. Mr. Begin won election last spring on a platform which featured assertions that parts of the West Bank and Gaza, far from being occupied, were historically and intrinsically parts of Israel.

Events in the Middle East last year, especially the initial rapprochement between Egypt and Israel, drew attention away from this basic stumbling block, but it has now resurfaced as a sizeable obstacle preventing agreement on any declaration of negotiating principles between the two countries.

U.S. special envoy Alfred Atherton was due in Cairo late yesterday for talks with Egyptian officials as part of the Carter Administration's efforts to resume stalled peace talks with Israel, reports Reuter. Mr. Atherton, who had been scheduled to arrive in Cairo on Tuesday, was set to fly from Jordan to Saudi Arabia yesterday. However, U.S. Embassy sources said he might have put forward his visit because Egyptian President Anwar Sadat was leaving on a tour of Upper Egypt to-day.

President Carter last week alluded, without much elaboration, to the 242 dispute. He said that acceptance of the resolution was "a crucial element" for progress in negotiations. "The abandonment of that would put us back many months or years," he said in what is now seen as a clear warning of what is perceived here to be an intransigent Israeli stance.

Egyptian President Anwar Sadat made no bones in his recent talks here of his belief that Israel must not remain on Arab land—as stipulated, in his view, by Resolution 242—and that even the suggestion of continued occupation is "non-negotiable."

While the U.S. has clung to the view that it might be able to help the two sides find a way round the actual border issue and has lent its weight behind some form of interim, quasi-international solution on the West Bank, Israeli insistence on retaining what Mr. Begin almost invariably refers to as Judea and Samaria presents a formidable barrier to continued negotiations.

It is felt here that if Israel cannot be moved, President Sadat might be forced to drop his peace initiative.

Fighting erupts in Beirut

BEIRUT, March 5.

FOUR people were wounded in fighting involving mortars, heavy machine guns and automatic rifles in Beirut early to-day.

Informed sources said the fighting broke out between rival gunmen in the Moslem district of Shiyah and the neighbouring Christian area of Ain Rummaneh soon after midnight. They said the battle lasted for more than an hour before Syrian peacekeeping troops intervened.
Reuter

L. Daniel writes from Tel Aviv: Reports reaching here suggest that the Syrian-sponsored Saika guerilla organisation has been involved in fighting in southern Lebanon for the first time.

Reports from the area suggest that members of the organisation were involved in an attack on the Moslem village of Maron el-Ras, about two miles north of the Israeli frontier. These reports say that Christian forces have been trying to retake the village, the holding of which can control communication between the concentration of Christian villages at the eastern end of the Lebanon-Israel frontier and those in central Lebanon.

Saudi Arabia limits light oil extraction rate

BY ANTHONY McDERMOTT JEDDAH, March 5.

SAUDI ARABIA has instructed Aramco, which produces all but a fraction of the country's oil, to limit the offtake of light Arabian crude to 65 per cent. of total production.

Sheikh Ahmed Zaki Yamani, the Minister of Petroleum and Mineral Resources, said in an interview with the Jeddah daily Okaz on Saturday that this would not mean a reduction in Saudi oil production which would remain at 8.5m. barrels a day throughout 1978. Sheikh Yamani said that in 1977 the proportion of light Arabian crude amounted to 70 per cent. (it seems these calculations exclude light crude from the Berri field) and the decision to cut back offtake was taken to prevent the exhaustion of Saudi Arabia's light crude producing fields.

In broad terms the general blend of Saudi crude has been composed of between 70 and 80 per cent. of Arabian light, of up to 9 per cent. Berri and between 13 and 17 per cent. Arabian medium and heavy. These proportions have not corresponded to the estimates of reserves which are believed to be divided between light and Berri 60 per cent., 25 per cent. heavy and 15 per cent. medium. As a result in the long term there is a risk that the light reserves may be run down prematurely. Sheikh Yamani added that the 65 per cent. limit would in future be gradually reduced.

Sheikh Yamani said some light producers in OPEC had been left with unsold crude. Thus Saudi Arabia's decision can also been seen as a move to win OPEC's support for its advocacy of a general oil price freeze on the grounds that a curb on light crudes would help firm up market prices.

At the same time there has been a move by the heavy and medium crude producers such as Saudi Arabia, Iran, Iraq, Kuwait and Venezuela which met in Geneva at the beginning of February to study the differentials between the prices of these crudes and light crudes so as to persuade consumers in the long run to switch from the less plentiful lighter grades of oils.

Progress made in Iran talks on new oil pact

BY ANDREW WHITLEY TEHRAN, March 5.

REASONABLE PROGRESS is believed to have been made during two days of top-level talks between the National Iranian Oil Company (NIOC) and a 14-member Western consortium on a new, long-term agreement.

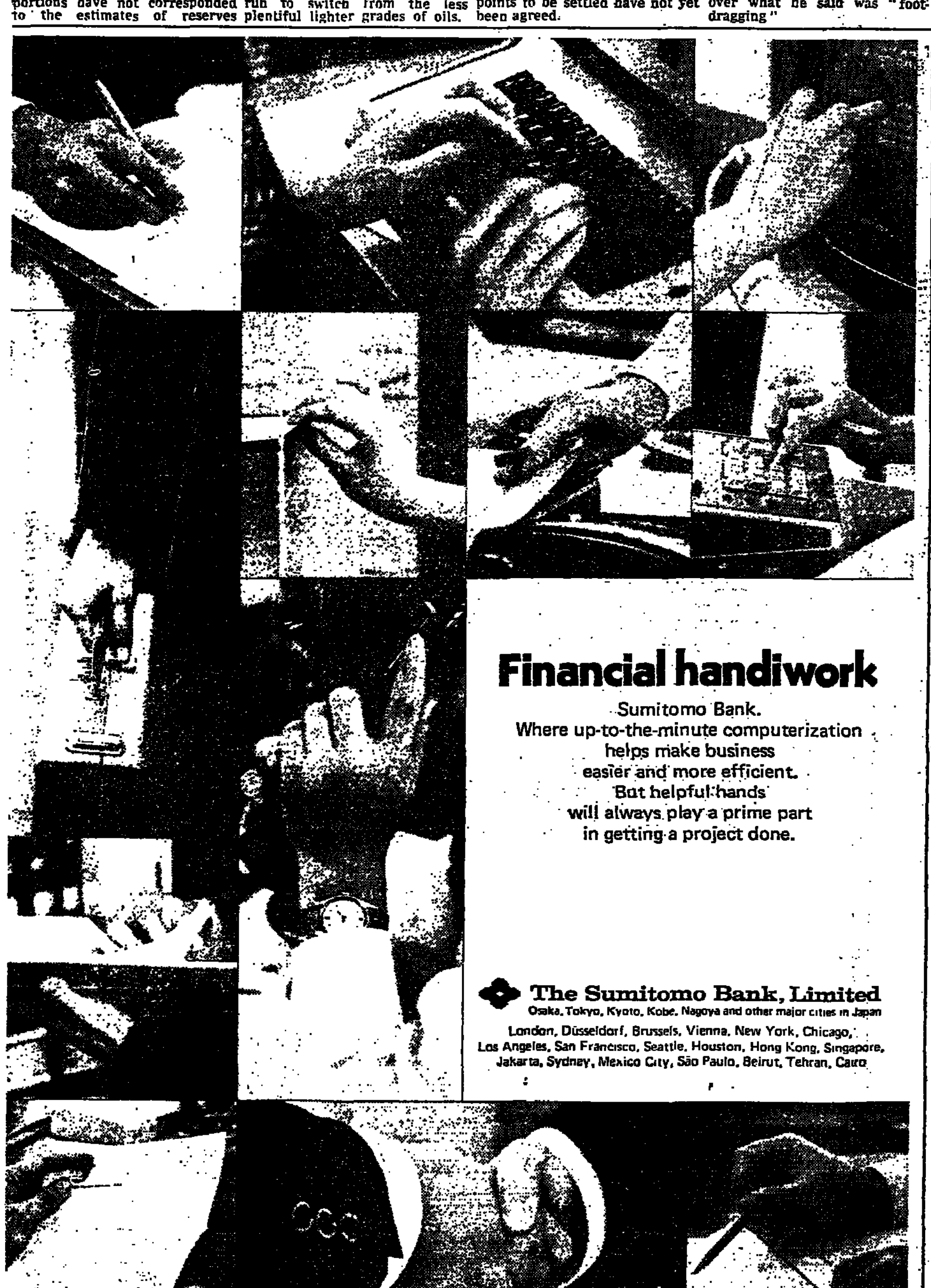
It is now virtually certain that the 1973 Sales-Purchase Agreement between them will be scrapped, but a new arrangement looks equally likely. Informed sources say one of the four points the Iranians would like to establish during this coming week is the precise length of the new agreement.

The other major points are the annual fixing of precise volumes of crude oil to be lifted by the consortium members, the amount of oil products to be taken by them, and future marketing arrangements.

The talks were expected to have broken up by now into expert-level sub-committees, but this has not happened yet possibly suggesting the major points to be settled have not yet been agreed.

The 10-man Iranian team is being led by the new Deputy Chairman of NIOC, Mr. Hassan Ali Mehran, the former governor of the Central Bank. Among the notable absentees are believed to be two directors including Mr. Parviz Mina, the former Director for International Affairs, who is regarded by many in the industry as Iran's top oil man. He resigned recently in protest at the appointment of outsiders at the Deputy Chairman level. Another top NIOC man, the former deputy chairman, Mr. Reza Fallah, who was apparently pushed aside in the reshuffle is also absent from the talks. He is now in London where, according to oil industry sources, he will be serving as the European-based adviser to the Chairman.

The six-man consortium team is led by Mr. John Sutcliffe, a B.P. Managing Director. Before the talks opened NIOC's chairman, Mr. Houshang Ansari, publicly warned the consortium over what he said was "foot-dragging"



Bank head sees strong reaction to Swiss rules

By John Wicks

ZURICH, March 5.

THERE WILL be "murmuring and gnashing of teeth" when detailed conditions for the application of Switzerland's new monetary measures are announced to-morrow. This was stated on Swiss-German television this evening by Dr. Fritz Leutwiler, president of the Swiss National Bank.

Application of the new rules banning sales of domestic securities to non-resident foreigners would be more restrictive than when similar regulations were in force between 1972 and 1974, he said. Among details to be published to-morrow are those laying down a quota system for the share of foreign borrowers' issues purchasable by non-resident investors.

Dr. Leutwiler said the National Bank was considering ways in which control could be tightened if necessary over banks' foreign-exchange trading. He stressed, however, that there was no thought of subjecting the foreign-exchange sector to a regulatory system involving the splitting of the Swiss franc rate. This was a frontier which the National Bank would not cross; a system of this kind could not be realised, he said, and a decision in this direction could lead to protectionist measures abroad aimed against Swiss interests.

The Swiss franc is over-valued by at least 15 if not 20 per cent., Dr. Leutwiler claimed. He attributed the upward pressure to the strength of the Swiss economy and the weakness of the dollar and certain other currencies, but he said the most recent developments had been "a case for the psychiatrist rather than for the economist."

Geisel seeks W. German investment

By Diana Smith

RIO DE JANEIRO, March 5.

THE OFFICIAL visit to West Germany of Brazilian President Ernesto Geisel, which begins in Bonn to-morrow, represents an attempt to reaffirm Brazil's potential attractions for German investors and to make it clear that the 1975 Brazilian-German nuclear agreement is not subject to change, whatever the pressures from other nations.

President Geisel is accompanied by six Ministers, most importantly those of energy, industry, and trade, and over 80 prominent Brazilian businessmen. The nuclear agreement is a bone of contention to those who consider Brazil's present regime unjust on humanitarian grounds as well as those who have reservations about the country possessing nuclear know-how and materials to manufacture an atomic bomb.

Repeated assurances by President Geisel that Brazil is absolutely committed only to the peaceful use of nuclear technology and the nuclear disarmament have not, it seems, prevented President Carter's administration from trying to coax Brazil to defer her current nuclear energy programme.

Budget surplus for Burma

By Our Own Correspondent

RANGOON, March 5.

BURMA WILL have a budget surplus in the fiscal year 1977-78 ending March 31—the second such surplus in succession. Presenting the budget to the National Congress, currently in session, the Planning and Finance Minister, Mr. U Tun Tin, said the original budget provided for Kyats 251.8m. (about $35m.) deficit resulting from an estimated Kyats 5,423.8m. expenditure against Kyats 5,172m. receipts. But according to revised estimates, a Kyats 31.4m. surplus was expected as receipts totalled Kyats 5,576.5m. against Kyats 5,545m. expenditure.

He explained the surplus was due among other things to an excess over the original estimates of revenue from taxes, foreign loans and aid.

Left still ahead in French polls

BY ROBERT MAUTHNER PARIS, March 5.

THE LAST authorised public opinion poll on next week's French general election has confirmed the substantial lead of the left-wing parties over the Government coalition which has remained virtually unchanged since the beginning of this year.

The poll, conducted by the Louis Harris Organisation and published yesterday in the pro-Socialist Paris newspaper Le Matin, gives the Socialist, Communist and left-wing Radical parties 52 per cent. of voting intentions in the first round of the election, compared with 45 per cent. for the Gaullist and Centrist parties.

Its findings are virtually identical to those of another poll, published the previous day by the pro-Government paper Le Figaro, except that the latter gave the Left only 51 per cent.

From mid-night last night, the publication of new polls is banned until after the election is over.

Dutch defence minister quits over neutron bomb

BY CHARLES BATCHELOR AMSTERDAM, March 6.

IN THE first outward sign of a split in Holland's three-month-old coalition Government, Dr. Roelof Kruisinga, the Defence Minister, resigned at the weekend in protest at Government policy on the neutron bomb.

The Christian Democratic Minister surprised MPs a fortnight ago when he told the Lower House during debate that Holland would oppose the manufacture of the neutron bomb. Only minutes earlier Dr. Christoph van der Klaauw, the Foreign Minister and a member of the Liberal party, had advised the House against closing off its options before discussions with Holland's NATO partners.

Parliament finally rejected a Labour party motion calling for the Government to declare itself against the use of the bomb. It also rejected a Christian Democratic motion to reject the use of the bomb but to use it as a point of discussion in disarmament talks.

The rejection of these two motions left the Government free to determine future policy. In later debate Dr. Kruisinga appeared to have aligned himself with the Government.

Dr. Kruisinga, aged 55, took a degree in medicine and served as a state secretary at the Health Ministry in a previous administration. He became second deputy floor leader of the parliamentary Christian Democratic party last year.

EEC money union hope

BY REGINALD DALE

MR. ROY JENKINS, President of the European Commission, said yesterday that he detected signs of a more positive response by EEC leaders to his controversial proposals for European economic and monetary union. It would not come to-morrow, but he hoped to see his goal achieved in the next five to ten years, he said on the television programme Weekend World.

Mr. Jenkins said a "certain wind of change" was blowing through the nine EEC member Governments, who have so far reacted coolly to the new plan he launched last autumn.

He attributed this to the inability of individual nations to cope with continuing high unemployment and international monetary chaos exemplified by the fall of the dollar.

The national powers he wanted transferred to the Community—control over the money supply and the exchange rate—were in any case largely illusory in the modern world, Mr. Jenkins argued. Governments would still be left with considerable influence over their own fiscal budgetary and public expenditure policies.

U.S. car sales down for third month

By John Wyles

NEW YORK, Ma[rch 5.]

U.S. CAR sales suffere[d a] third consecutive mont[h de]cline in February altho[ugh im]ported cars went agai[nst the] tide and managed t[o take] slightly more than 19 p[er cent.] of the market.

However, Detroit m[ay] take some comfort from that its 5.7 per cent. [...] sales from February la[st year] is smaller than the d[ecline] registered in Decemb[er and] January. Moreover, th[e] annual sales rate of do[mestic]ally produced cars was [an im]provement on the Janua[ry rate] while the 1.9m. annual rate for imports was [...] down on last month an[d] down on the rate at [which] foreign cars were selli[ng to]wards the end of last y[ear.]

Ford turned in the be[st per]formance in February [de]livering virtually the number of units as it [did a] year ago. General Moto[rs fell] off by 4.8 per cent[.] Chrysler was down 18 [per] cent. and American [...] down 27.8 per cent.

Talks on air fares to star[t]

By Our Own Correspond[ent]

WASHINGTON, Mar[ch 5.]

BRITISH and America[n offi]cials will to-morrow [start] talks on their diffe[rences] over cheap transatlanti[c] fares, brought to a hea[d last] week when Braniff, the carrier, was denied aut[hority] to begin service from [...] to London because its [fares] were, in the opinion o[f the] British Government, too [low.]

The British position is in accordance with last [...] Bermuda aviation agree[ment;] more time is needed to [assess] the impact of the new [cheap] fares being offered on transatlantic run, partic[ularly] from New York.

The U.S., which has i[n any] case increasing reserva[tions] about last year's agreeme[nt, is] keen to expand the chea[p] travel experiment to maximum extent possible
Editorial comment, Page

RHODESIA'S INTERNAL AGREEMENT

Caution on all sides

BY TONY HAWKINS IN SALISBURY

THE SIX postal bomb explosions in Salisbury on Saturday underline the fragility of the internal settlement agreement signed the previous day between Mr. Ian Smith, the Rhodesian Prime Minister, and the three-internally-based black Rhodesian leaders, Bishop Muzorewa, Mr. Sithole and Chief Chirau.

There were no casualties in the incidents and, although police have not said as much, it is generally accepted here that the bombs were planted by guerillas from the Nkomo-Mugabe Patriotic Front (PF).

It is also widley accepted here that the war is likely to be intensified over the next few weeks and months as the PF seeks to undermine the agreement by force of arms as well as by international diplomatic efforts.

Reaction to the agreement of both blacks and whites remains curiously limp. Seemingly, very few people—of either race—believe that a durable settlement has at long last been definitely achieved. On all sides—even from the normally optimistic business community—caution is the order of the day with far greater attention being paid to the loopholes, the snags and the potential stumbling blocks in the way of international recognition than to the actual positive achievements.

In part this reflects a reluctance on the part of the whites to acknowledge that this time their days really are numbered with Zimbabwe's birth date set for December 31, 1978. Certainly, there is a quite astonishing reluctance on the part of the business community to accept that political change augurs economic change which may well not be entirely to their liking. As one observer puts it, they appear to be anticipating a change from white Rhodesia to black Rhodesia rather than a change from Rhodesia to Zimbabwe.

In part, it reflects the anticipation that the deal may never see the light of day—apart from the formation later this month of the interim government—because it will be rejected internationally in spite of the fact that it complies with four of the famous five principles—the fifth requiring that the agreement be seen to be acceptable to the people of Rhodesia as a whole.

This principle could be satisfied either by a general election in November or December (as planned) or by a nationwide referendum or even by another Pearce-style Commission as in 1972. It must be accepted, however, that a Pearce-style operation would be most unlikely to satisfy international opinion.

On the African side the lack of response reflects an underlying suspicion that there is a catch somewhere—that the Ian Smith leopard hasn't really changed its spots. Undoubtedly the black moderates have damaged their own standing to some extent by the concessions they made in the talks on the transitional government, which for all its black majority leaves the whites in effective residual control.

Control of the administration will remain in the hands of the top civil servants, the police and the army during the next nine months. This could pose a severe threat to the whole enterprise if the black politicians are not seen to be acting as full Ca[binet] Ministers and to be ma[king] decisions that improve the [lot] of the majority. Some obse[rvers] here believe that there is [...] to be done selling the [deal] internally to the blacks—Sithole started at the week[end] with a rally attended by [...] people in the Midlands tow[n of] Que Que—than by sellin[g it] internationally.

The fear is that unless moderates within the transiti[onal] administration are seen to [be] acting as leaders and influen[cing] political decisions favoura[bly] their support will be erode[d in] favour of the militants wa[ging] the war. Underlying all thi[s is] the war itself.

How many whites with mili[tary] commitments are going to de[cide] that they do not want to [risk] their lives for a black gov[ern]ment? Clearly if the wh[ites] leave in large numbers [the] security situation will dete[rio]rate rapidly unless the Bis[hop] and Mr Sithole can really [get] the guerillas to lay down th[eir] arms—which to say the least [is] held here to be unlikely.

Some observers go so far as say Mr. Smith is in danger [of] losing the promised referend[um] of white voters later this ye[ar.] This is improbable. By the ti[me] the referendum is held, pr[ob]ably in the latter half of [the] year, the agreement will eith[er] have an unstoppable momentu[m] or will have collapsed in th[e] face of hostility from the inte[r]national community, the fron[t] line African presidents and th[e] guerillas.

حكذا من الأصل

WORLD TRADE NEWS

Japan winning the battle for M. East desalination plants

BY OUR FOREIGN STAFF

SINCE THE oil crisis of 1973 the Middle East has become the magnet for many of the world's engineering companies, especially those concerned with infrastructure projects like power stations or ports. Of all the commercial contests now in progress none is more keenly fought than the battle to supply desalination plants.

Largely because the Middle Eastern countries need water on an increasing scale to support their industrialisation programmes, the world demand for desalination has doubled in the last five years; last year orders valued at about £400m. were placed.

Before 1973 desalination contracts were mostly for small units designed to supplement fresh water supplies, but since then the nature of the market has been transformed. Industrial processes need water on a scale which became apparent only when natural supplies are not readily available.

A steelworks can use 4m. gallons per day (mgd), a 500 MW power station uses 0.5 mgd and a typical unit of industries consuming that electricity can use as much as 6 mgd. In arid countries there is no alternative to the mechanical distillation of sea water to meet these needs.

So the Middle Eastern states have embarked on a costly programme of desalination plants, usually linked to power stations.

Saudi Arabia alone placed ten contracts in its first five-year plan, establishing plants with a total capacity of 83mgd. But in the second five-year plan up to 1981, 21 contracts are envisaged (some are already let) with a combined capacity of 454mgd.

The largest plant in the first plan had a capacity of 10mgd, but in the second there are 11 plants which exceed this size, several up to 50mgd. Each contract could be worth between £5m. and £50m., depending on the amount of civil engineering involved.

Kuwait's programme began in the 1950s and by 1980 it intends to have a total capacity of 100 mgd. The Government is reported to be planning to build a prototype of a plant capable of producing 100mgd, which, it is claimed, could halve the capital costs of desalination.

Qatar, with no surface water at all and limited supplies of drinking water from underground reservoirs, has embarked on a rapid programme of power and water expansion. The biggest project in progress is the $515m. Ras Abu Fontas complex which is being undertaken in three phases to instal 12 turbines with distillation units to produce 600 MW of electricity and 40mgd of water by 1980.

The technology offered by the various competitors in the business is basically the same, namely the multi-flash process (MSF) developed by Weir Westgarth of the U.K. in the early 1960s. This is based on the principle that water can be made to "flash" or boil by reducing the pressure rather than raising the temperature—the method used previously for the small plants aboard ships and on land.

The steam produced is condensed in a series of chambers at progressively lower pressures. The process reduces both capital and fuel costs making distillation economically feasible on an industrial scale.

Some of these competitors have been in the small-scale desalination business for a long time. Others are engineering and fabrication companies anxious for orders to compensate for the slump in their traditional markets; Mitsui Ship building and Engineering and Hitachi Shipbuilding and Engineering are two examples. While some have reached a licensing agreement with Weir others have developed their own processes which are a variation of Weir's MSF process.

Six leading companies in the business are listed in the table, but there are others which also compete strongly for certain contracts. These include Demag of West Germany, Sumitomo of Japan (which has a Weir licence) and Mitsui, which has an Envirogenics licence.

The Middle East accounts for about 90 per cent. of the market for large-scale projects of which some five or six are generally announced each year. The Japanese companies appear to be winning the bulk of the orders at present, largely, their competitors claim, on price. It is estimated that they now account for some 50 per cent. of the world market.

SIX LEADING CONTENDERS

Weir Westgarth	United Kingdom
SIDEM*	France
Sasakura Engineering	Japan
Ishikawajima-Harima Heavy Industries (IHI)	Japan
Envirogenics†	United States
SIR	Italy

* Joint venture between CEM (a Brown Boveri company) and St. Gobain.
† Now a subsidiary of the Arab-owned Sogex.

The Japanese are tackling the market with their characteristic thoroughness. The Ministry of International Trade and Industry (MITI) has been discussing proposals for joint research with the Saudi Arabian Saline Water Conversion Corporation to develop desalination techniques specially designed to deal with Middle East conditions.

Usually companies supplying the technology confine their activities to the design and engineering work, the equipment being supplied by sub-contractors. Different sub-contractors are selected for each project depending on their experience in a particular market, their price and, obviously, their reputation and capability. U.K. engineers, for instance, will often sub-contract to a European or Japanese company rather than another U.K. concern.

Since desalinisation units are generally linked to large power plant projects the engineering companies usually have to join a consortium, led by the turbine manufacturers. This is particularly the case in Saudi Arabia where the authorities insist that these projects be undertaken on a turn-key basis.

The Saudis only allow the engineering company to participate in one of the consortia bidding for the order, despite the fact that its share of the project represents only 15 to 20 per cent. of the total. The engineering company has to be particularly careful in selecting a consortium which has a good chance of winning the overall contract. It then has the task of selling itself to the consortium leader as well as to the buyer.

The engineering company tends to switch partners from project to project. Even Sidem, which is an associate of Brown Boveri, often works with other turbine suppliers. Similarly, Envirogenics is not tied to projects in which Sogex is involved.

As Mr. Peter Simpkin, Weir Westgarth's managing director, puts it: "The fact that desalination is an international business means that you have to think internationally and not necessarily join forces with the company which happens to be next door to you." His company's early experience in bidding with all-British consortia was, he claims, "disappointing."

He believes the lack of project management experience on the part of the British turbine makers was an important factor in their failure to win contracts against European and Japanese led groups. Predictably, though, the Japanese companies tend to work more as "national" consortia.

In the largest of Weir's current contracts—building four units with a total output of 20mgd at Jeddah (Jeddah 3)—it is working with Kraftwerke Union (a subsidiary of Siemens).

The other major contract on which it is working is for six desalination plants with a capacity of 25mgd, worth £50m., forming part of the Dubai aluminium smelting and power station complex in which British Smelters and Hawker Siddeley are involved.

By far the largest Middle East contract awarded last year was the $710m. Jeddah 4 project. This went to a consortium led by Sogex. It includes Franco Tosi of Italy, supplying the turbines and boilers and Envirogenics, providing the technology for the 10 desalination units with a total capacity of 50mgd which will be manufactured by Mitsui.

But it is the Japanese, especially Sasakura, who appear to be leading the field. Iran has recently placed a $264m. contract for the construction of two desalination plants with a total capacity of 4.4mgd associated with two nuclear power plants planned at Busiehr on Iran's southern coast. Sasakura is participating in a consortium with Mistubishi Heavy Industries and Sumitomo Shoji Kaisha. The power stations are being built by Kraftwerk Union.

As the Japanese attempt to diversify their exports away from industries such as cars and TV sets, more emphasis is being placed on turnkey engineering projects; desalination is an obvious market to go for. Given the strength of the competition, it seems unlikely that the Japanese will ever dominate the market, but their sales drive in the Middle East has gained a momentum which will be hard to stop.

Venezuela oil talks in Washington

By Joseph Mann

CARACAS, March 5.

TOP ENERGY officials of Venezuela and the United States have had talks in Washington which could produce important new elements in Venezuela's trade relations with the U.S.

Venezuela's Minister of Energy, Sr. Valentin Hernandez, is visiting the United States for discussions with the U.S. Secretary of Energy, Mr. James Schlesinger. One of the key items on the agenda for the two officials is the possibility of Venezuela's initiating Government-to-Government petroleum sales to America.

The meeting is of particular importance to Venezuela since this South American republic—Latin America's largest oil producer—earns most of its revenues from petroleum exports to the U.S.

Although Venezuela currently sells oil to some countries on a Government-to-Government basis, these contracts are relatively small and most exports are carried out through multinationals like Exxon and Shell.

The state oil monopoly—Petroleos de Venezuela—does market about one-quarter of its sales through its own marketing division and has some clients of its own in the U.S.

However, a major contract made directly with Washington would be a new departure for Venezuela. Although the Venezuelan Government has not directed much public attention to the possibility of state-to-state deals with the U.S., the long-term benefits of such arrangements could be considerable for Caracas.

With Mexico now actively developing its oil production capability, Venezuela faces the possibility of losing a share of its vital U.S. market if the Mexicans reach some future agreement with either the U.S. Government or American oil concerns.

● Representatives of the Venezuelan Government and a Brazilian-Venezuelan consortium have signed a $1.2bn. contract for civil work on the final stage of the Guri hydroelectric complex in south east Venezuela.

The contract is believed to be the largest construction agreement ever made in Venezuela.

Iran signs £120m. Airbus contracts

BY ANDREW WHITLEY

TEHRAN, March 5.

IRAN TO-DAY signed final contracts for the purchase of six European A300B2K Airbuses, and took out options on another three. The deal is worth a total of about $225m. (about £120m.).

The agreement was announced in Tehran by General Ali Mohammed Khademi, Iran Air's managing director.

Ten per cent. of the cost of each of the 345-seat aircraft will be given in down-payment prior to delivery, with the balance to be raised in long-term loans on the Eurodollar market.

The loans are likely to be supplier credits, but banking sources believe that no syndicate has been put together yet.

Delivery is to begin in late-1979, to be completed by 1981. Four aircraft will be delivered initially and then another two.

In the meantime, however, Iran Air is to lease two Airbuses immediately to help cope with the annual rush around Iran's New Year holidays later this month. The leased aircraft will arrive within the next few days.

General Khademi said the European Airbuses had been chosen, in the face of strong competition from U.S. manufacturers who until now have had a monopoly of the Iranian market, because they were best suited to Iran's operating conditions.

The aircraft are to be used on Iran's rapidly growing high-density domestic routes, and possibly on regional flights.

Discussions with Airbus Industries, the French/West German/Spanish consortium which builds the aircraft, began some five years ago and have been at an advanced stage for some time.

Last October, General Khademi announced that Iran would be buying ten Airbuses. In the meantime, though, financial considerations seem to have persuaded the Iranians to lower their sights to six, plus possibly another three.

The U.K. shares in the deal since British Aerospace builds the wings for all the Airbuses.

Tokyo tariff cuts help U.S. most

By Douglas Ramsey

THE JAPANESE Government's decision last week to cut by an average of 23 per cent. tariffs on 318 imported items several weeks ahead of schedule, will be effective on imports which amounted to $2.15bn. in fiscal 1976.

The cuts made in advance of greater reductions in the GATT multilateral trade negotiations will primarily benefit U.S. exporters although the tariff reductions are "global" in nature.

It is estimated that the EEC's share of these imports in 1975 was about $500m., or one-fourth of the total. The steepest cuts nonetheless, have been reserved for two products on the Americans' shopping list last January—computers (reduced from 13.5 per cent. to 10.5 per cent.) and colour films (from 16 per cent. to 11 per cent.).

Japan's tariff cuts coincided with the departure of a major buying mission to the United States, also agreed in the U.S.-Japan communique last January.

The mission, led by Mr. Yoshizo Ikeda who is president of Mitsui, represents a wide range of Japanese buyers and there is now talk in Tokyo of a $1bn. or more target in purchases to result from the mission during its 16-day tour of the U.S.

To underline the importance Japan attaches to the mission, Tokyo has decided to send Mr. Minoru Masuda, Vice-Minister for International Trade and Industry, to Washington on March 9 and 10 to reaffirm the Japanese government's interest in the otherwise-private "buy American" mission.

Freight rates rise in South Africa

By Quentin Peel

JOHANNESBURG, March 5.

FREIGHT RATES on South African Railways and Airways are to be increased by at least 10 per cent. from April 1, and harbour charges by an average 5 per cent., Mr. S. L. Muller, the Minister of Transport, has announced.

The tariff increases are aimed at meeting a budgeted deficit of R241.5m. on the railways in the coming year. But in addition to rising costs, a major portion of the increase is needed for the railways to finance their own capital expenditure from revenue, because of the difficulty of raising capital on the open market.

Mr. Muller said that not only were foreign loan funds limited at present, but the very short redemption periods prevented the large scale application of such funds for the financing of fixed investments.

South Korea wants to cut surplus

By David Buchan

BRUSSELS, March 5.

SOUTH KOREA'S desire to reduce its trade surplus with the EEC, at present running at nearly $800m. a year, was reaffirmed by Mr. I. Y. Chung, Korean Deputy Minister for International Finance, at the launching here of Korea's first foreign financial joint venture on Friday.

The State-owned Korea Exchange Bank and the Banque Bruxelles Lambert have set up together the Korea Europe Associated Finance Company (KEAF), with a starting capital of $1.1m.

The company's range of services will include trade and project financing in Korea, Europe and third countries, and arranging syndicated and Eurobond loans and issues mainly for Korean companies.

Mr. Chung underlined that it was Korean policy to diversify the country's trade away from its heavy dependence on the U.S. and Japan.

EEC oil check

By Our Own Correspondent

BRUSSELS, March 5.

A SIX MONTH "trial run" check by the EEC Commission on Rotterdam spot price quotations for refined petroleum products starts to-day.

Thirteen oil companies, 12 independent traders and six large indsutrial buyers have agreed to report all their transactions for that period to the Dutch accounting company, Klynveld-Kraayenhof, which will pass the information on to the EEC Commission.

World Economic Indicators

UNEMPLOYMENT

		Feb. '78	Jan. '78	Dec. '77	Feb. '77
W. Germany	000's	1,224.9	1,213.5	1,090.7	1,023.1
	%	5.4	5.4	4.8	5.0
U.K.*	000's	1,409.0	1,428.4	1,428.1	1,331.4
	%	5.9	6.0	6.0	5.6
Holland*	000's	198.7†	202.7	208.0	200.6
	%	5.8	5.1	5.2	5.0
		Jan. '78	Dec. '77	Nov. '77	Jan. '77
France*	000's	1,027.7	1,054.1	1,068.1	1,036.9
	%	4.7	4.8	4.9	4.7
Belgium	000's	299.5	296.4	296.7	265.2
	%	12.1	12.0	12.0	10.3
U.S.*	000's	6,260.0	6,337.0	6,800.0	7,600.0
	%	6.3	6.4	6.9	7.9
		Nov. '77	Oct. '77	Sept. '77	Nov. '76
Japan	000's	1,030.0	1,000.0	1,050.0	970.0
	%	1.9	1.8	1.9	1.8
		Oct. '77	July '77	April '77	Oct. '76
Italy	000's	1,598.0	1,692.0	1,432.0	777.0
	%	8.0	8.5	6.7	4.0

* Seasonally adjusted. † Provisional.

Contracts

● Contracts totalling about £250,000 have been placed with Rotork Controls of Bath, Avon, for electric valve actuators for an Australian power station extension. The twin 350 MW second-stage extension to Yallourn "W" for the State Electricity Commission of Victoria is to be equipped with about 250 Rotork Syncropak actuators.

● Three orders for combustion equipment, worth a total of £280,000 have been won in Yugoslavia by Peabody Holmes. Kinetics Technology International of Richmond, Surrey, has placed an order for Peabody "M"-type oil and gas burners, pipework and burner management systems. The equipment is due for installation in mid-1978 at the Ina Naftaplin Ethylene Project in Yugoslavia.

● Boeing said Air Tanzania has purchased two Boeing 737 twin-jets for delivery in December, 1978 and May 1979. The purchase price was not disclosed.

● International Paint-Industrial Coatings has won an order for 200,000 litres of paint to Egypt. The white domestic appliance finish paint has already been shipped and will be used on refrigerators and washing machines made by Delta Industrial Company (IDEAL) of Cairo, Egypt's largest manufacturer in this field.

HOME NEWS

Bi-partisan approach 'key to good property trade'

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

IN A PRE-ELECTION manefesto published to-day, the British Property Federation says that "a healthy property industry is vital for Britain" and calls for a bi-partisan appoach to the industry.

The federation, which represents the main publicly quoted property companies as well as individual commercial and residential landlords, has taken the unusual step of producing a detailed statement of policy aims "at the beginning of the run-up period to a general election."

"Unless measures can be implemented and supported on a long-term basis and not made subject to frequent about-turns, the necessary confidence on which expanding investment in property depends will not be created," the federation says.

On the thorny question of land legislation, it "accepts that there should be a benefit to the community from the granting of planning consents," but adds this could best be achieved by a new form of betterment tax.

The Community Land Act should be replaced by "legislation that would strengthen local authorities' powers of acquisition, while providing and restoring safeguards of individual rights."

The progressive results of 60 years of rent legislation had been to drive more private landlords out of business, thus creating a national problem by "turning untold numbers of willing tenants into squatters and increasing homelessness."

Controlled rents and legislation allowing short lettings, without indefinite security of tenure, should be abolished.

Planning controls were complex and time wasting, and the federation urges a "more positive approach and co-operative attitude by local planning authorities in dealing with applications."

Industrial development certificates and office development permits may no longer be relevant, and should be abolished for a trial period.

The federation also opposes penal rating of empty properties, and calls for a general simplification of property legislation.

Cheap air cargo plan for Canada

British Airways and Air Canada are to introduce cut-price air freight services between the U.K. and Montreal and Toronto from March 15, if the Government approves.

The rates will be as low as 41½p per kilo to Montreal and 43p to Toronto. They will be available to shippers who guarantee to provide the airlines with minimum tonnages of 250 or 500 tonnes over a year.

Blake at Tate

Twelve illustrations by William Blake for John Milton's poem Paradise Lost, which have not been seen in Britain as a group for almost 100 years, will be on view together in a major Blake exhibition at the Tate Gallery, London, on Thursday. The drawings are on loan from the U.S.

Pensions switch

From April 6, lower contributions will be paid by 1.5m. self-employed people and 9m. employees who are contracted out of the new pensions scheme, Mr. David Ennals, Social Services Secretary, said in London yesterday. A person earning about £80 a week will pay almost £1 less per week.

Women protected

A woman's pension rights will be protected during the years she spends at home caring for children or looking after a severely disabled relative under the new scheme, Mr. Stanley Orme, Social Security Minister, said at the week-end. To get this benefit, a married woman must be prepared to pay full contributions to the scheme when she is in employment.

University stand

Britain's 44 universities will reject any attempt to breach the principle that if teenagers are qualified and willing to go to university, places should be available for them, Lord Boyle, chairman of the Committee of Vice-Chancellors, said in a warning to the Government yesterday.

Smoking curb

The Government is to follow a proposal by the 100,000-strong Institution of Professional Civil Servants that where practicable, non-smokers should not be obliged to share an office with smokers. A move for a total smoking ban has been rejected.

Threat to robot

Research at Queen Mary College, London, to produce a "learning" robot is threatened by lack of cash. Under the project machines would be run by robots which would learn how to do the job better and how to do new jobs.

Check on energy

Electrical appliances should be labelled with the amount of energy they consume, Mr. Tom King, Conservative spokesman on energy, said at the week-end. Their power consumption should be given in the same way as a car's mileage per gallon is shown.

Depressing forecast for building industry

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A DEPRESSING picture of sluggish construction output over the next decade is forecast in a report published by the Institute of Marketing.

The institute's construction industry marketing group says there will be only a slow improvement in output from the present low levels until 1981—after which improvement will continue, but at an even lower rate.

It expresses concern over the prospect of a declining proportion of the gross domestic product being invested in construction.

The report predicts an overall decline in housing, both public and private, with a short-term recovery in private housing turning into a decline in the second half of the decade. Public housing work is seen as being very weak throughout the next decade.

In addition, the report expects public sector non-housing construction work to remain virtually stagnant. The private non-housing sector will show a strong recovery at first, though not up to 1973-74 levels, with a loss of impetus in the second half of the decade.

One bright spot concerns the outlook for repair and improvement works. The survey suggests that these will exceed the levels of the early 1970s and show a growth rate of up to three times that of new construction work.

Money market nervous over financial trends

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MARKET attention during the coming week will focus on the banking figures for mid-February, following the sharp rise in the money supply announced last month.

Sterling M3, the broadly defined money supply, increased by 2.3 per cent. in the month to mid-January, raising the annual rate of growth since last April to 14¾ per cent.

This was above the upper limit of the 9 to 13 per cent. growth range for 1977-78 and led to market concern about the authorities' ability to control the monetary aggregates.

The Government has argued that the main reason for this rise was the impact of the recent tax cuts and rebates and that the underlying trend rate of increase should be back within the desired range in the coming months.

The market is, however, still nervous about the trend, with the figures for U.K. banks' eligible liabilities—a main component of money supply—and the London clearing banks' monthly statement due to-morrow afternoon.

A further indication of the latest inflation outlook will be provided to-day by the wholesale price indices for February for raw materials and output.

The cost of raw materials has recently been falling steadily in response to the rise in sterling and drop in world commodity prices. In January the index was 3½ per cent. lower than last year. The 12-month rate of increase in output prices has, however, remained in double figures, pointing to a rise in profit margins.

Other economic indicators due this week are the revised retail sales figures for January (due this afternoon), the fourth quarter balance of payments statistics (due on Wednesday) and figures for central Government financial transactions (due on Thursday).

U.K. managers criticised

BY KEVIN DONE

BRITISH MANAGERS, who meet in London to-morrow for their second annual convention, are considered "below average" by two out of five of Europe's top businessmen.

The British still have an old-school-tie image. In a survey to-day by *Chief Executive Monthly* they are described by their Continental counterparts as "too conscious of social class to be able to motivate their workers," and are accused of being "too arrogant in their dealings with customers and suppliers in other countries."

There also appears to be a wide belief that they are "too demoralised by industrial conflict and economic problems to provide the quality of leadership now required of them."

The report, based on a survey in conjunction with Management Centre Europe, assesses views of some 200 chief executives, in six countries, of the strengths and weaknesses of their U.K. competition.

Only about a fifth of those questioned attribute the low growth of the British economy to ineffective management. Three-fifths put the blame on labour and union difficulties. Nearly half thought the U.K. standard of management was rising.

Three in four considered that inadequate personal rewards have a "significant bearing" on U.K. industrial problems.

More than half believed British compared badly with other European goods in design, packaging, delivery, marketing and after-sales service. They scored well on price.

About 1,000 managers will be at the British Institute of Management's convention.

Tesco cuts bread supply links with Spillers

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

SPILLERS, which is already making heavy losses on bread, has lost one of its biggest supermarket customers for its product. Tesco has decided to stop buying bread from the company and concentrate its purchases instead with the two other big baking groups, Associated British Foods and Ranks Hovis McDougall.

Tesco will continue buying other flour-based products, such as buns, from Spillers, however.

Tesco's business is believed to have been worth £5m.-£6m. a year to Spillers, which in 1977 had total sales of £621m. It is understood, however, that Spillers has offset most of the lost Tesco business by picking up extra orders from some other big supermarket groups.

Experiment

Tesco's move comes as several of the big retail chains are cutting down on the number of bread suppliers they use, to reduce administrative costs.

International Stores is also doing without Spillers' bread in some of its stores as an experiment, but no decision has yet been taken on extending this to the rest of its 650 branches.

Congestion

In the past, most of the big supermarket chains have stocked bread made by all three of the big baking groups. They have therefore had to cope with separate deliveries and this has sometimes led to congestion at the backdoor.

Supermarkets now seem increasingly to be deciding that, as there is not much to distinguish one brand of bread from another, they might as well cut down on the number of suppliers they use.

One of the most sensitive questions in the bread industry is the level of discounts the bakers give their trade customers. Though Tesco says that its decision to drop Spillers' bread has nothing to do with the size of discount it was offered, it is understood that the average discount given by all three suppliers has increased over the last few months, as the companies compete against each other for business.

Better planning 'could make diver's job safer'

BY RAY DAFTER, ENERGY CORRESPONDENT

OFFSHORE OIL operators and fabricators of North Sea production equipment are making sub-sea inspection work more hazardous and costly than necessary because of insufficient planning, according to a new report.

North Sea inspection, maintenance and repair operations at present cost oil companies more than £50m. a year.

It is estimated within the Department of Energy's Offshore Supplies Office that the market may be worth at least £400m. a year by the early 1980s. Unofficial industry figures suggest that in a few years, the annual cost may be nearer £600m.

A report published by the Underwater Engineering Group of the Construction Industry Research and Information Association claims that some of this money could be saved by more careful planning. Furthermore, the job of a diver could be made easier and safer.

The report, prepared for the association by CXJB Underwater Engineers, claims that up to now no guidance has been available to designers on how they could avoid making the work of inspectors more difficult and hazardous than need be.

Divers inspecting the first generation of North Sea platforms had been hampered by shortcomings in the design of structures, such as tight corners, recesses and narrow gaps.

Less corrosive materials might cost more initially, but could work out cheaper than long-term inspection and maintenance.

Underwater Inspection of Offshore Installations: Guidance for Designers; by CXJB Underwater Engineers: CIRIA Underwater Engineering Group, 6 Storey's Gate, Westminster, London SW1P 3AU: £40 (£8 to members of the Underwater Engineering Group).

● Wimpey Laboratories and Polytechnic Marine have formed a joint venture company registered as Wimpey-Polytechnic Offshore trading with the name Wimpol. The company has, as its aim, the expanding business of offshore survey and inspection.

Mobil to lay up three or four big tankers

BY OUR SHIPPING CORRESPONDENT

GLOOM in oil tanker markets was not helped last week by the news that Mobil was to lay up three or four VLCCs in the 200,000 to 225,000 deadweight-ton bracket.

This came a few days after the announcement of five lay-ups from BP, raising the world lay-up figure for tanker and combination beyond the 41m. to 42m. dwt recorded by brokers last week.

Brokers say further lay-ups cannot be ruled out.

According to E. A. Gibson only three VLCCs were fixed in the Persian Gulf last week, and not surprisingly there was no rise in rates. Unfixed VLCC and ULCC tonnage in the area is put at between 6m. dwt and 11m. dwt. The higher figure includes ships to all intents and purposes laid up rather than awaiting cargo.

One important development noted by Galbraith Wrightson is a sharp increase in scrapping figures for tankers. This broker's records show that no less than 60 vessels totalling 3.25m. dwt have been demolished since mid-December.

North Sea activity, although small in world terms, continues to provide opportunities for owners. BP entered the market last week on behalf of the Buchan Field consortium in search of two tankers between 65,000 dwt and 95,000 dwt for two to eight years time charter.

Car carrier growth predicted

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE purpose-built roll-on/roll-off car carrier fleet will grow by 40 per cent. in the next year as specialist ships take further hold of the car shipment market, according to a study by Lambert Brothers, shipbrokers.

The trend was the one bright spot in a bleak shipping scene, but import restrictions on Japanese cars, energy constraints and demand saturation in some key markets would make the boom for shipowners short-lived. Lambert estimates the present pure car carrier fleet at 128 vessels totalling 950,000 d.w.t. with a capacity of 290,000 cars. Most of these carriers are controlled by Japanese and Scandinavian interests.

In addition, 327 bulk carriers are used for shipping cars, of which 92 have roll-on/roll-off handling and 235 lift-on/lift-off techniques.

Specialised Car Carrying Vessels: Lamberts Research Department, P.O. Box 431, 53 Eastcheap, London, E.C.3. £40.

Barclays may shut fewer branches

BY MICHAEL BLANDEN

THE NUMBER of branches involved in the planned reorganisation at Barclays Bank is now likely to be significantly fewer than the 600 which were originally expected to face possible closure of restructuring.

The bank has now received reports from its local directors who were asked last year to make a detailed study of branches in their areas. These have yet to be assessed by the bank in detail before it decides on its final programme of cutbacks and redevelopment.

It has become clear, however, that for a variety of reasons the local directors have put forward arguments which will mean that the scale of the change will be rather less than expected.

Bank unions were quite critical when it became known last November that Barclays was undertaking a major review of its branch network. It followed an internal survey which showed that up to a fifth of the group's network of over 3,000 branches might require close examination.

The plan was then referred to local directors. Now that their reports have been received, the bank expects to study them over the next month or two before announcing its proposals.

It is expected that whatever happens the reorganisation will take a number of years, and may involve mergers and other forms of change as well as closures.

The move by Barclays is part of a trend among the U.K. banks to examine ways of making more effective use of their increasingly expensive branch networks.

Among the other banks, Midland last week announced the extension of its experiment in setting up area offices to take away some of the burden of specialised services and administrative work from local service branches.

Midland has already started to test the idea in three areas, and is now to extend the concept over the next 18 months or so to some 102 branches in six more areas.

£2m. project on economy to be launched

By David Freud

A £2m. PROJECT to construct the first integrated model of the world economy will be launched this year by two leading U.S forecasting institutions, SRI International and Wharton Econometric Forecasting Associates.

It will take two years and has already attracted half its target of 60 sponsors, each to be charged £25,000. About 25 per cent. of the sponsors will come from Europe.

The model is a development of Project Link, the United Nations-International Monetary Fund system covering 13 countries, started five years ago.

LABOUR NEWS

Shop union pledge in High Street war

BY OUR LABOUR STAFF

THE UNION of Shop, Distributive and Allied Workers will give full backing to members fighting to keep their jobs in the High Street price war, Lord Allen, general secretary, said at the week-end.

The 440,000-strong union was taking further action amid "rising resentment" among shop staff, to ensure that they did not become victims of efforts by supermarkets and other retailers to keep down costs.

The union would be seeking formal agreements on staff levels with particular employers, Lord Allen added.

Many shops were already understaffed and the union would not tolerate job insecurity and inferior pay and conditions as its contribution to keeping down prices.

The best way shopworkers could help to stabilise prices was through joint examination of labour efficiency. The first report of this kind had concluded that existing measures were inadequate.

Assistant masters quit school meals ban

THE BIGGEST teachers' union, the National Union of Teachers, begins sanctions to-day in many schools because of a pay row with local authorities. The NUT suffered a blow yesterday when the third largest teaching union, the 40,000-strong Assistant Masters' Association, said it would not join the sanctions.

A week-end meeting of the association's executive decided to advise its members against the action because claim for a 12½ per cent. rise in April had already gone to arbitration. It said sanctions would be "neither a professional nor constructive response to the situation."

The NUT intends to refuse school dinner duties; mid-day supervision of children; and voluntary activity outside the classroom.

On March 13 the second largest union, the 100,000-strong National Association of Schoolmasters-Union of Women Teachers starts similar guerilla action.

To-day's sanctions start in 12 branches of the NUT, due by the end of the week to rise to 26.

McDermott Ardersier men resume normal working

WORKERS involved in an eight-week dispute at the McDermott Ardersier offshore platform yard return to normal working to-day.

The dispute, over the introduction of a new shift system and additional flexibility, has halted work on three orders since January 10.

But a mass meeting on Saturday accepted a shop stewards' recommendation to return, on the basis of talks held last week between stewards, Mr. Gavin Laird, national executive official of the Amalgamated Union of Engineering workers, and management.

The dispute grew from failed negotiations at the end of last year on plans to increase shifts from two to three a day, adopt flexibility of working in the yard, and change wet weather working arrangements.

But most of the 800 men at the meeting accepted a return to work on the existing two-shift pattern. The change of shifts was accepted on the understanding that flexibility practice and wet-weather arrangements would remain in force.

Post Office to extend test in industrial democracy

BY JOHN LLOYD

THE POST OFFICE experiment in industrial democracy, at present confined to the Board, is to be extended to regional Board and local levels of the corporation from April 3. But it will proceed without the co-operation of the Civil and Public Servants Association—the largest white-collar union.

The union is in dispute with the Union of Post Office Workers over the association's closed shop arrangements for typists at local levels. The issue comes before the TUC's disputes committee next Thursday.

The association also claims that the Union of Post Office Workers is over-represented in the telecommunications business at local levels, an issue to be put to the association conference in May.

For the present, the representation of the unions at regional level is, on the telecommunications side, two seats to the Post Office Engineering Union, one to the Society of Post Office Executives and one to the Association in the six areas involved in the experiment. Two seats are for the Union of Post Office Workers and one, for the Post Office Management Staff Association in four regions. The Society of Civil and Public Servants have one seat in three regions.

On the postal side and at local level, there is to be a similar pattern of industrial representation.

The experiment is confined to six regions (including Northern Ireland, which has a unified postal and telecommunications Board).

● Civil Servants may soon take industrial action unless a breakthrough is made in pay talks with the Government. This warning came last night from Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants—which represents 105,000 in middle-management grades and is pursuing a claim for rises of up to 28 per cent.

NEWS ANALYSIS—MEDICAL SCANNERS

EMI faces a strong challenge

BY MAX WILKINSON

THE HALVING of EMI's profits in the first six months of the current year has highlighted the increasing difficulties in the world market for its star product, the diagnostic body scanner.

EMI is now paying several penalties for being a world leader with its invention, launched four years ago.

The scanner produces a three-dimensional picture of the body by using computer analysis of X-ray beams directed through the body from many different directions. At first the technique was for brain scanning, but it has since been applied to the whole body.

For the first few years, EMI reaped substantial rewards from its invention, with a highly-successful marketing effort focused mainly on the U.S. Sales rose rapidly from £400,000 in 1973 to an estimated £100m. last year and contributed substantially to the group's profits which were averaging more than £20m. a year pre-interest from the second half of 1974-75 up to the second half of 1976-77.

However, EMI was not able to protect itself with patents as effectively as, for example, the Xerox Corporation which kept competitors in plain paper copying at bay for almost a decade. The scanner was too tempting a prize for electronics companies throughout the world.

Nearly 20, including the mighty General Electric in the U.S. and Hitachi in Japan, immediately set out to produce their own versions of the scanner.

As a result EMI now competes against 15 other companies just at a time when the Americans' ability to pay for these very expensive machines is being severely curtailed.

Total orders in the U.S. were running at 500 units a year 18 months ago, and doctors were optimistically forecasting a total market for 7,000. However, the U.S. Government's efforts to curb the rising trend of expenditure on health care has severely cut back orders.

Dr. John Powell, EMI's managing director, estimates the total market for scanners in the U.S. will be reduced to only about 200 units. Of this total, EMI can expect to gain, at the current rate of orders, only about a third at best.

For the last four years U.S. expenditure on health care has been increasing at an alarming 15 per cent. a year. Hospitals are now obliged to obtain a certificate of need before health systems agencies can authorise a scanner purchase.

Dr. Powell said: "There has been a tendency to blame the scanner unfairly for this rise in expenditure. The reason is no doubt that the scanner is the most glamorous and most conspicuous equipment on the market.

High cost

"However, scanner purchases account for only 1 per cent. of capital expenditures and the cost benefits have often been overlooked."

A series of reports have been commissioned to estimate whether economies and other benefits from the scanner do outweigh the high cost, now averaging about $550,000 (£350,000) per unit.

The keenest competition in the U.S. is from General Electric (already a major supplier of X-ray equipment), Ohio Nuclear and Pfizer Medical Systems. EMI is engaged in a strenuous legal battle with Pfizer and Ohio which it claims have both infringed its patents. However, EMI has found that the slowness of patent proceedings created difficulties in its defence of market share.

In Japan, where patent procedures are even slower, EMI has faced similar difficulties. Japan is currently the second largest market for scanners with deliveries up to the middle of last year totalling 120 units valued at £21m. EMI signed an agreement with Toshiba three years ago to market its machine, and for a while had a free run. With remarkable agility, Hitachi developed its own scanner within a year and quickly achieved 30 per cent. of sales.

In Germany, Europe's largest potential market, EMI will encounter tough opposition from Siemens which announced its own, faster, scanner last December. Philips of Holland is also developing a rival system.

In addition, EMI has found itself overtaken in some of the scanner's specifications. EMI's system has a scanning speed of 18 to 20 seconds, while the newest competitive machines have reduced the time to between one and five seconds.

EMI has been forced to bow to this pressure by developing a new, faster machine, but it will not be ready until the end of this year.

EMI also faces the challenge from cheaper methods of making pictures of the inside of the body, such as "ultra-sound," in which high-frequency sound waves are analysed. Ultra-sound scanners cannot yet provide definition comparable with X-ray methods, but they have advantages and cost about a tenth of the price. EMI is competing in this field and it also has its own research programme to develop computer-based therapy methods which can use data from its scanner.

There can be little doubt that even with the most intensive research and marketing effort, EMI will find the field a good deal tougher during the next few years.

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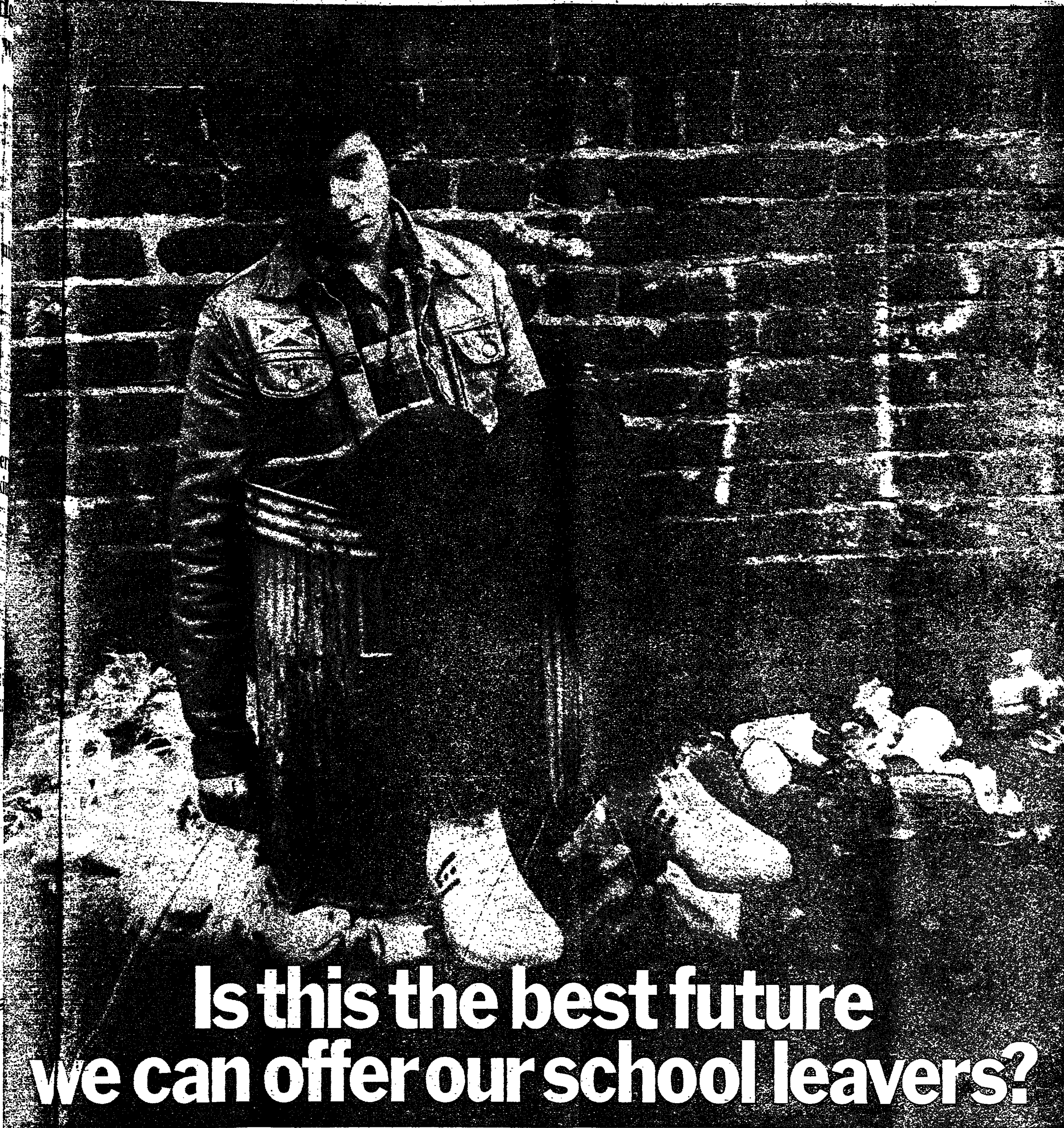


Is this the best future we can offer our school leavers?

There are now more young people out of work than at any time since the war.

In some areas that's 1 in 3. And they're not work-shy hooligans, they're victims of the economic facts of life.

They've applied for jobs – in some cases they've applied for dozens – and they've been told that without a skill or work experience they haven't a chance.

Which makes them teenage rejects. Turned down without trial.

Youth Opportunities Programme.

The Youth Opportunities Programme is a new plan to help employers help young people, even if they can't offer any permanent jobs.

It's based on the best elements of existing schemes that have succeeded in helping as many as 8 out of 10 participants into jobs.

The idea is extremely simple: If you can take in young people for up to six months, introducing them to the benefits and disciplines of work, we will pay them £19.50 a week. And there are no National Insurance contributions or tax returns to worry about.

They get invaluable experience, training and the chance to earn a reference that proves their worth. You get a chance to give them a future without having to take anyone on permanently – unless you want to.

The alternative.

The only alternative is a growing number of young people who feel discarded by 'the system' and a smaller pool of trained and enthusiastic people for industry to draw upon.

And, if nothing's done, the inescapable truth is that by the end of this year the situation will be even worse.

Which is why the Programme is backed by the government, the CBI and the TUC.

How it works.

We have offices all over the country and our staff are eager to give employers every detail of the scheme. At the same time, these offices keep in close touch with all the bodies concerned with unemployed young people in your area.

Which makes them uniquely qualified to help you help young people.

If you're interested in participating in the Programme, our staff will help you plan an introduction to work for young people that will benefit them without disturbing the normal running of your business.

You are then free to choose the young men and women you feel have the most to offer – and whose future will be brighter as a result of training and experience under your guidance.

Then it's up to the Youth Opportunities Programme to make sure that your involvement is as trouble-free and rewarding as possible. Give a young person a chance, and we will do the rest.

What to do.

Get the full story from Roger Panton, Manpower Services Commission, Department FT1, Selkirk House, 166 High Holborn, London WC1V 6PF. Tel. 01-836 1213.

Our future workforce depends on it.

YOUTH OPPORTUNITIES PROGRAMME

MSC Manpower Services Commission Special Programmes

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NORTH SEA OIL

Sound tests of rig welds for cracks

UNDERWATER ultrasonic inspection equipment for complex welds, applicable to the node geometries common on North Sea oil rigs, has been newly developed by MatEval of Newton-le-Willows, Merseyside.

Intended primarily for in-service inspection for fatigue cracking, the system requires the minimum of diver involvement and all the latter is required to do is to clean off the joint to be examined and place the unit in position.

Subsequent skilled interpretation of the results is carried out by non-destructive testing experts, either in a submersible or on a normal vessel or rig.

To design the equipment, the company assumed that fatigue cracks run from one or other surface of the joint since large internal voids would almost inevitably be found during production inspection.

The two ultrasonic probes are disposed one behind the other in such a way in respect to the weld centre line and to each other that the first half-node of the front probe searches the weld on one surface and the second half-node of the other probe does the same with the weld on the other surface.

A monitor can be instructed to look at each of these areas over such distances as required.

If the probes are sequentially switched, it is possible to run over long lengths of weld quickly and concentrate on areas where some anomaly shows up, for a more detailed analysis.

Probes are generally arranged on a flexible belt which can accommodate intricate welds. Where the thickness is less than about 1½ inches a multi-crystal unit can be applied.

More from MatEval, 1 Belvedere Road, Newton-le-Willows, Merseyside. Newton-le-Willows 22006.

Advice on marginal oil field production

SPECIALISING in underwater technology and particularly in technical and financial evaluation of production of oil from marginal fields, a new engineering consultancy has been set up with offices in London and Aberdeen.

Undersea Associates (U.K.) includes experienced engineers and subsea consultants as well as a project finance team led by a merchant banker.

This team will provide financial feasibility studies on proposed offshore projects, exploration and field development expenditure with calculation of rates of return on investment.

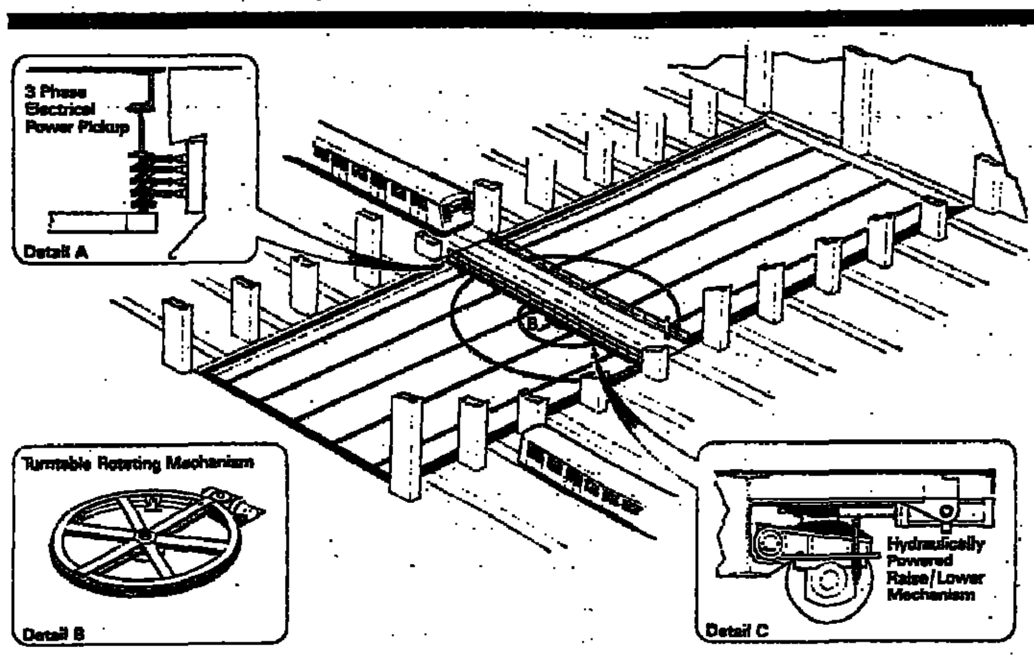
Its U.S. counterpart, based in Houston, has been providing engineering specialists all over the world for such work as special vessel design and construction, underweater non-destructive testing and maintenance of a variety of facilities.

The U.K organisation will rely extensively on computer techniques in its work and is confident of providing all the support required to carry out full turnkey operations.

Engineering design group centre will be in London and from this Undersea Associates will provide subsea production engineering and floating production systems services for marginals.

From Aberdeen the company will provide an operational consulting service on subsea technology, including support vessel design and supervision of construction operations.

Further details from the company at POB 18, Aberdeen. 0224 780672.



Just completing tests at British Rail Engineering, Swindon, is this 45-ton turntable for the Hong Kong mass transit system, believed to be the only table in the world which provides both turning and traversing actions.

It has been built by the engineering group of Vickers as part of the latter's £3m, contract to design, build and supply equipment for the repair and maintenance of rolling stock and stationary plant.

With hydraulic transmission and three control consoles, the turntable will be essential equipment at the Kowloon Bay Depot, administration and maintenance centre for the new underground railway system which will cost some £640m. to complete. At peak in the mid-80s, the section now under construction—the Modified Initial System, will carry over 1m. passengers a day. Initial operation is scheduled to start in the latter part of next year.

● PROCESSING

High-yield sieve

CENTRIFUGAL sifting equipment for use in the food, pharmaceutical, plastics and dyestuffs industries is intended for dressing, protective and fraction sieving, as well as de-agglomerating and pre-breaking of friable materials.

The large capacity A800 sifter is available in mild steel or stainless steel construction and has thrower blades that ensure even distribution of material along the length of the nylon or steel sieve screen (available in a range of sizes down to 50 micron). Separate fines and oversize discharge outlets are provided.

Operation of the KEK A800 centrifugal sifting machine is simple, power being provided by 3kW or 4kW motors. A feed worm pushes material into the sieving chamber, and discharges the product into a rotating paddle assembly which by its centrifugal action throws the particles against the sieve. Wear of the screens is kept to a minimum because the paddle assembly does not come into contact with the sieve.

KEK, Hulley Road, Hurdsfield Industrial Estate, Macclesfield, Cheshire SK10 2ND. 0625 28733.

● CONSTRUCTION

Prevents leaks in roof

PLASTICISED BITUMEN, heavily loaded (75-90 per cent.) with metallic fibres, mica and rough ground glass fibre, has been developed as protective roof coating by Helices.

The mixture is thixotropic and is applied cold. It is stated to spread easily, will not run, melt or freeze, and provides immediate protection even on a damp surface, as it displaces moisture. Guaranteed for five years, only one coat is needed. Full chemical cure takes three days, but the surface is touch dry in two hours. Coloured black, it can withstand temperatures from −40 to +60 degrees C. Coverage is 1 litre/sq. metre.

Details from Helices, 90, Station Parade, Harrogate, Yorks. (0423 58276).

Automates the soldering

DEVELOPED IN Switzerland, the EPM automatic printed circuit board soldering machine can be operated for automatic intermittent small batch production, or continuously for mass production.

When operating intermittently, the flux, preheated and soldering section only operate when boards are being soldered. The unit includes automatic flux refill and ingot feeding, a pump to cover the solder with an oil film to prevent oxidation, and a built-in exhaust system. The unit uses foam fluxing, infrared preheating, and hollow wave soldering.

The claimed rejection rate is less than one in a thousand. Maximum soldering width is 327mm.

The same company has also developed a lead-cutting machine to trim excess component leads. This unit, which can be fitted to most printed circuit board production lines, has twin cutting blades and an integral grinder for blade sharpening.

Both machines are marketed in the U.K. by Adcola Products, Gauden Road, London SW4 6LH (01-622 0291).

● SECURITY

Magnetic card lock turnstile

POWER STATIONS, hospitals, and high security buildings are some of the likely applications for a new personnel security turnstile, believed to be the first of its type available with a bi-directional access facility.

Turnstile operation is by a magnetic card access system with "presence on site" recorder and time check control. Other methods of access can be supplied, including digital control, and the system can be adapted for stamping staff cards on entry or departure.

Operation is fully automatic, and there is an overriding control which locks the barrier, so that individuals can be screened—this can be operated from a gatehouse.

Weather enclosure is on a square tube frame, and is clad in polypropylene sheeting. The rotating steel barrier is mounted on taper roller bearings, and locked with an inaccessible solenoid bolt.

Made by the Frontier Gate Co., Wessex House, Cardigan Street, Birmingham (021-359 6618), the turnstile will be shown for the first time at the National Security and Protection Exhibition, Granby Halls, Leicester, June 27-30.

● MATERIALS

Fine diamond abrasive

FOR DRY grinding cemented tungsten carbides, De Beers has developed a new synthetic diamond abrasive which is stated to provide a significant improvement in grinding ratio compared with current metal clad diamond grits.

The individual grains which make up the abrasive are composed of many fine diamond particles bonded together with a metal matrix. There is a strong chemical bond between metal and diamond, and the whole structure is consolidated by fusion of the metal surfaces.

The maker says the composite grain structure yields an abrasive with stock removal characteristics similar to coarser grits, while producing surface finishes normally associated with finer mesh sizes. This combination of properties eliminates the need for a range of grit sizes for dry grinding cemented carbide. Its performance is stated to be comparable with nickel clad diamond grits.

In tests by De Beers, no statistical difference in surface finish was detectable between the results obtained with the new abrasive (granule size 80 U.S. mesh) and those obtained with 140/170 U.S. mesh resin bonded diamond grits. But the lower power requirement, and hence lower grinding temperature, permitted much finer edge tolerances to be achieved on the carbide workpiece using the new abrasive.

More from the maker, Charters, Sunninghill, Ascot, Berks., SL5 9PX (0990 23456).

● TEXTILES

Prints ribbons at speed

FOR THE PAST few years a completely dry system of printing textiles has been in use. This has contributed considerably to the trade, in ecological terms, and in making life simpler for manufacturers. It is known as transfer paper printing and is based on the fact that transfer paper can be printed with the necessary multi-colour design based on special "inks" that sublime when subjected to heat.

If this is brought against polyester—and some other—fibres, the dyestuffs sublimate and transfer from the paper to the fibres, so giving a sharply defined reproduction of the print on the fabric. This is fast to washing, sunlight etc.

A new development in this area has been reported from France where the company P. Lemaire and Cie, Roubaix (British agent: Samuel Bradley (Machinery Sales), The Precinct, Cheadle Hulme, Cheshire SK8 5BB. Tel. 061 485 8436) has, in collaboration with a French ribbon manufacturer, designed a machine for printing elastic bands, tapes, belts and other trimmings, by this technique.

The new machine has four printing positions in order to handle four ribbons at a time and these can vary in width between 2 and 16 cms. each and it is possible to print at a rate of 200m/hour—say 3¼ yards/minute which, of course, will be multiplied by four to give an effective 800m/hr.

The machine is compact and occupies a length of 166 inches, is 82½ inches wide and only 61 inches high. Paper and tapes are unrolled and rolled-up separately and individually.

The Rollingstatic model SPM 477 is able not only to print Jacquard effects on fabrics, but, if required, can be simply used to produce a simple, plain all-over colour.

● TRANSPORT

A jumbo from Germany

WITH A kingpin loading of 30 tons, the latest in the range of heavy haulage units from M.A.N., West Germany, is described as a "Jumbo" 160,000 Kg GCW 6 x 6 tractor.

It is powered by a V10 diesel engine which develops 330 bhp at 2500 rpm, and is fitted with a semi-automatic 8 speed gearbox. The front axle is driven, and the bogie axles have cross-axle and inter-axle differentials.

Power assisted steering, dual circuit air braking, plus an air operated engine exhaust brake and two-line trailer system are fitted. Bogie suspension is by a combination of twin, trunnion mounted semi-elliptic leaf springs and radius rods.

The forward control tilt cab can be supplied with either a compartment for a full support crew or twin bunk sleeping accommodation.

Marketing in the U.K. is by M.A.N. Concessionaires GB, 361 Chiswick High Road, London W4 (01-995 3131).

● METALWORKING

Variable stroke press

AMONG SIX presses to be shown by Cincinnati Milacron at Metalworking 78 (NEC, Birmingham, April 20-28) will be a new 200-ton machine.

It is a double-sided, twin-crank variable stroke press developing 200 tonnes pressure near the bottom of its stroke. It has a fixed speed of 30 strokes/minute, and the stroke is variable from 25 to 200mm. An option is a fixed stroke to a maximum of 250mm. Bed plate measures 1500 x 1050mm.

Included among the other machines is a coining press which will be producing a 25mm-diameter cupro-nickel coin at 400/minute — full enclosure guarding has reduced noise levels to less than 88 dBA.

Four of the machines are fitted with the company's new digital control circuits, a feature of which is a "diagnostics" panel which can indicate malfunction in any of 50 continuously monitored elements (limit switches, solenoids, etc.) and which displays machine operating status.

Details from the maker at PO Box 505, Kingsbury Road, Birmingham B24 0QU (021-251 3821).

● MACHINE TOOLS

Cold pipe bending

AN ELECTRO-HYDRAULIC semi-automatic general purpose cold bending machine is claimed to be unique. All forces originating from the bending action are absorbed by the machine itself. It has a twin pump of 90 litres/minute capacity, driven by an enclosed, surface-cooled 7.5kW electric flange motor.

The machine is said to be suitable for a variety of bending requirements, including bending through angles up to 180 deg., coils and spiral bending, bending bonded pipes, round tubes, profile tubes and solid materials.

Operation is by means of a push-button control panel mounted on a portable console. Minimum maintenance is required as the bending head is driven by a single hydraulically actuated articulated arm with a dry bearing.

Details from Hilmor, Caxton Way, Stevenage SG1 2DQ (0438 2466).

CONTRACTS AND TENDERS

HASHEMITE KINGDOM OF JORDAN
ARAB POTASH COMPANY LIMITED
ARAB POTASH PROJECT

PREQUALIFICATION OF CIVIL ENGINEERING CONTRACTORS
SOLAR EVAPORATION SYSTEM

The Arab Potash Company Limited (APC) of Amman, Jordan, plans to build a solar evaporation and potash refinery facility to produce 1,200,000 tonnes per year of potash fertilizer. The facilities will be located between Mazra and Safi on the southern end of the Dead Sea about 200 km north of the port of Aqaba. A road has recently been completed between Aqaba and Safi.

APC has applied for financing to the International Bank for Reconstruction and Development (IBRD), Agency for International Development (US-AID) Kuwait Fund, Arab Fund, Saudi Fund, Arab Investment Company, Abu Dhabi and Islamic Banks.

Therefore Contractor selection and the terms and conditions of the Contract will be in accordance with the guidelines of the lending agencies.

Those civil engineering contractors who are interested in tendering for the solar evaporation system consisting of the construction of the dikes and associated pumping stations are invited to apply for prequalification information.

The Contract comprising the solar evaporation system includes the construction of 58 km of dikes on soft ground, a brine canal 10 km long, the supply and erection of pipelines and pumping equipment and associated electrical distribution and ancillary works. It is intended that those firms of contractors who are successfully prequalified to submit tenders will be so informed towards the end of June 1978 and that the Tender Documents will be ready for issue in August 1978.

Preliminary information on the scope of the works, instructions and type of data required from firms wishing to apply for prequalification to tender are available on request from:

Sir Alexander Gibb & Partners.
427 London Road, Earley, Reading RG6 1BL, England.
Telex No.: 848061 GIBB RG

Copies of the request should be sent to:

Arab Potash Company Limited,
P.O. Box 1470, Amman, Jordan.
Telex No.: 1683 POTASH JO

Jacobs International Incorporated,
251 South Lake Avenue, Pasadena, California 91101, United States of America.
Telex No.: 675458 JACOBS PSD

The data called for in the information document is to be submitted to reach Sir Alexander Gibb and Partners not later than 15th April 1978.

Democratic and Popular Republic of Algeria

Ministry for Industry and Energy

ENTREPRISE NATIONALE SONATRACH
Marketing Division
Department Realisation Infrastrutcture
International invitation to Tender No. 6/78

SONATRACH is launching an international invitation to tender for the supply of equipment for the construction of 300 (three hundred) service stations which will include:

- 1st lot: Equipment for:
  - Cleaning-lubricating workshops
  - Equipment for parallelism
  - Equipment for wheel-balancing
  - Equipment for headlight monitoring
  - Automatic washing installation
  - Associated equipment
- 2nd lot: Seamless tubes
- 3rd lot: Piping
- 4th lot: Electric equipment
- 5th lot: Safety equipment
- 6th lot: Metallic furniture

Interested companies may obtain the tender documents for the whole of this tender or part of it, as from the publication of the present announcement, against a payment of Dinars 200 (two hundred dinars) from:

SONATRACH — Division Commercialisation
Départment Réalisation Infrastucture
Route des Dunes — Base ALCIP—
CHERAGA (Algiers) Algeria
Tel. 81.12.03 to 08
Telex: 52.808 — 52.292 — 52.293 — 52.969 — 52.779

Tenders, together with the revelant usual references, should be sent by registered mail in double sealed envelopes to Entreprise Nationale SONATRACH, at the above-mentioned address, the inside envelope clearly addressed as follows: "A NE PAS OUVRIR — SOUMISSION — A.O.I. no: 6/78" not later than 15th April, 1978.

Tenderers remain bound by their quotations for a period of 120 days.

Tenders which will not respect the above-mentioned indications will not be taken into consideration.

GHANA SUPPLY COMMISSION TENDER

Insecticides for Farmers Services Company (U.R.) Limited, Ghana

Ghana Supply Commission invites tenders from U.K. manufacturers and suppliers for the supply of any of the under-listed insecticides

1. AMBUSH (Permethrin 50 g./litre)
2. MONOCRON + DDT (Monocrotophos + DDT 100 g. and 300 g. per litre respectively)
3. NUVACRON COMBI A 400 (Monocrotophos + DDT 150 g. and 250 g. per litre respectively)
4. NUVACRON COMBI C 500 (Monocrotophos + DDT 100 g. and 400 g. per litre respectively)
5. SUPRACIDE COMBI or ULTRACIDE COMBI (Methidathion + DDT 150 g. and 250 g. per litre respectively)
6. THIODAN + HOSTATHION (Endosulfan + Trazophos 200 g. and 50 g. per litre respectively)
7. DECIS (5 g. per litre)

Interested British manufacturers, suppliers, etc., can obtain tender documents for a non-refundable fee of £50.00 from the Purchasing Liaison Officer, Ghana Supply Commission, 58-59 Berners Street, London W1P 3AF, England

Duly completed tenders should be addressed to the Managing Director, Ghana Supply Commission, P.O. Box M.35, Accra, or deposited in the Commission's Tender Box not later than 3.00 p.m. on 31st March, 1978.

REPUBLIQUE DU ZAIRE

Département de l'Education Nationale
Enseignement Primaire et Secondaire
Bureau Projets Education

DEUXIEME PROJET — CREDIT 624 — ZR
AVIS D'APPEL A LA CONCURRENCE — No. 4

Appel á la concurrence relatif à la candidature des fournisseurs de matériaux, des pays membres de la Banque Mondiale et de la Suisse pour les travaux de la remise en état et de l'expansion d'Instituts Techniques Agricoles et construction d'Ecoles Normales à Vocation Rurale, qui seront exécutés avec la participation financière du groupe de la Banque Mondiale: pour les fournitures suivantes, représentant un montant estimation fin 1975 de Z 3.284.780.000.

A—Gros oeuvre:
- Bois de charpente
- Aciers et fers à béton
- Eléments de couvertures en galvanisé et aluminium (bacs autoportant et tôles ondulées).

B—Achèvement:
- Matériel électrique—groupe électrogène—parafoudre—Téléphonie
- Plomberie et sanitaire—adduction—pompage
- Quincaillerie de bâtiments
- Châssis alu pour lames mobiles
- Vitrerie (lamelles)
- Revêtements sols et murs (polivynil—céramique—faïence)
- Production de froid (chambre froide préfabriquée)
- Ferronnerie
- Peintures
- Agglomérés pour faux plafond (Asbest—aggl. de fibres) etc....
- Cette liste n'est pas limitative.

Les fournisseurs désireux d'être consultés peuvent se faire connaître en faisant parvenir leur candidature en langue française, sur papier libre par voie recommandée aux adresses suivantes:

- Au Citoyen Directeur du Bureau Projets Education
- B.P. 17 KINSHASA — GOMBE G.C. République du Zaïre
- ou 470 Av. des SYNDICATS—KINSHASA—GOMBE.

Cette inscription devra se faire avant le 31 mars 1978. Des renseignements complémentaires peuvent être obtenus au Bureau Projets Education — Avenue des Syndicats no. 470 KINSHASA — GOMBE.

REPUBLIQUE DU ZAIRE

Département de l'Educational Nationale

Enseignement Primaire et Secondaire

Bureau Projets Education

DEUXIEME PROJET—CREDIT 624-ZR

AVIS D'APPEL A LA CONCURRENCE No. 3

Appel à la concurrence relatif à la présélection des entreprises des pays membres de la Banque Mondiale et de la Suisse, qui seront admises à participer aux Adjudications internationales restreintes prévues dans le courant des années 1978 et 1979 pour les travaux d'aménagement, la transformation et l'expansion des Instituts Techniques Agricoles (I.T.A.) et la construction des Ecoles Normales à vocation Rurale (E.N.V.R.).

Le coût estimatif des travaux est basé sur des estimations de décembre 1975.

Ces travaux seront à exécuter au Zaïre, dans les localités suivantes:

			Montants Estimés
GOMBE-MATADI	BAS-ZAIRE	I.T.A.	Z 454.935
ISIRO	HAUT-ZAIRE	I.T.A.+E.N.V.R.	Z 1.866.016
BUTEMBO	KIVU	I.T.A.+E.N.V.R.	Z 1.986.510
GANDAJIKA	KASAI ORIENTAL	I.T.A.	Z 502.131
TSHIBASHI	KASAI OCCIDENTAL	I.T.A.	Z 407.366
MONDONGO	EQUATEUR	I.T.A.	Z 455.870
MIABI	KASAI ORIENTAL	E.N.V.R.	Z 1.489.379
LIBENGE	EQUATEUR	E.N.V.R.	Z 1.622.460
BULUNGU	BANDUNDU	E.N.V.R.	Z 1.353.119

Les principaux matériaux et matières premières à importer (±33% marché) pourront, le cas échéant être fournis à pied d'oeuvre par le maître de l'ouvrage.

Ces travaux seront exécutés avec la participation financière du groupe de la Banque Mondiale.

Les entreprises ou groupements d'entreprises intéressés devront faire parvenir leur candidature à la présélection, en langue française, sur papier libre et accompagnée des références de l'entreprise (certificat de nationalité, statuts, bilan, situation financière, références financières, références techniques, travaux similaires, organigramme personnel, matériel en possession, sous traitance envisagée ou non envisagée), par voie recommandé aux adresses suivantes:

"Au Citoyen Directeur du Bureau Projets Education
—B.P. 17 KINSHASA—GOMBE G.C. République du Zaïre".
—ou 470, Av. des SYNDICATS—KINSHASA—GOMBE.

Cette inscription devra se faire avant le 31 mars 1978.

Des renseignements complémentaires peuvent être obtenus au Bureau Projets Education—470 avenue des Syndicats—KINSHASA—GOMBE.

هكذا من الأصل

CONTRACTS AND TENDERS

APPEL D'OFFRES INTERNATIONAL

CHAMP DE GAZ OFFSHORE DE MISKAR (TUNISIE)

CONSTRUCTION ET POSE DE LA CONDUITE SOUS-MARINE

Le Groupe Etude Miskar agissant pour le compte de la future entité responsable de la réalisation du projet de développement du gisement de gas de Miskar, dans le Golfe de Gabès, lance un appel d'offres en vue de passer commande pour

LA CONSTRUCTION ET LA POSE D'UNE CONDUITE SOUS-MARINE DESTINEE A TRANSPORTER LE GAZ DEPUIS LE GISEMENT JUSQU'A LA COTE TUNISIENNE

Les Sociétés de Construction et pose intéressées par cet appel d'offres sont invitées à retirer le dossier correspondant à partir du lundi 6 mars 1978 à l'adresse suivante:

GROUPE ETUDE MISKAR
11 AV. KHEREDDINE PACHA — TUNIS
Télex 12 128 TN

et ce moyennant le paisement d'une somme de trois cents (300) dinars tunisiens par dossier ou de sa contre valeur en devises étrangères.

Les dossiers ne seront pas envoyés.

Les propositions relatives à cet appel d'offres devront parvenir au plus tard le lundi 22 mai 1978 à 17 heures.

Democratic and Popular Republic of Algeria

MINISTRY OF LIGHT INDUSTRY
SOCIETE NATIONALE DES INDUSTRIES DE LA CELLULOSE
"SONIC"

INTERNATIONAL INVITATION TO TENDER

SONIC is launching an international invitation to tender for the supply of equipment for the manufacture of paper articles. The tender concerns the following equipment:

—a unit of machines for the manufacture of waxed paper
—a unit of machines for the manufacture of gum paper
—a unit of machines for the manufacture of complex papers.

Interested companies may obtain the tender documents from:

SONIC
4, Rampe Ali Haddad (Ex Zaatcha)
El Mouradia, Algiers, Algeria
Tel: 66.38.00—01 and 04
Telex 52.933

against a payment of Dinars 200 (two hundred dinars).

Tenders, together with the relevant usual references, should be sent in double sealed envelopes to Monsieur le Directeur Général, SONIC at the address above, the inside envelope clearly addressed as follows: "SOUMISSION — A NE PAS OUVRIR — Projet Complexe de Transformation de Produits papetiers et cellulosiques."

Tenders should be sent not later than May 30, 1978, the postmark being taken as evidence of the date of posting.

Tenderers remain bound by their quotations for a period of 120 days.

Democratic and Popular Republic of Algeria

MINISTRY OF LIGHT INDUSTRY
SOCIETE NATIONALE DES INDUSTRIES DE LA CELLULOSE
"SONIC"

INTERNATIONAL INVITATION TO TENDER

SONIC is launching an international invitation to tender for the construction of a manufacturing unit of paper for reprography (diazo-copy process).

Interested companies may obtain the tender documents from:

SONIC
4, Rampe Ali Haddad (Ex Zaatcha)
El Mouradia, Algiers, Algeria
Tel: 66.38.00—01 and 04
Telex 52.933

against a payment of Dinars 200 (two hundred dinars).

Tenders, together with the relevant usual references, should be sent in double sealed envelopes to Monsieur le Directeur Général, SONIC at the address above, the inside envelope clearly addressed as follows: "SOUMISSION — A NE PAS OUVRIR — Projet Complexe de Transformation de Produits papetiers et cellulosiques."

Tenders should be sent no later than May 30, 1978, the postmark being taken as evidence of the date of posting.

Tenderers remain bound by their quotations for a period of 120 days.

Democratic and Popular Republic of Algeria

MINISTRY OF LIGHT INDUSTRY
SOCIETE NATIONALE DES INDUSTRIES DE LA CELLULOSE
"SONIC"

INTERNATIONAL INVITATION TO TENDER

SONIC is launching an international invitation to tender for the construction of a manufacturing unit of noble carbon paper and "single use" carbon paper.

Interested companies may obtain the tender documents from:

SONIC
4, Rampe Ali Haddad (Ex Zaatcha)
El Mouradia, Algiers, Algeria
Tel: 66.38.00—01 and 04
Telex 52.933

against a payment of Dinars 200 (two hundred dinars).

Tenders, together with the relevant usual references, should be sent in double sealed envelopes to Monsieur le Directeur Général, SONIC at the address above, the inside envelope clearly addressed as follows: "SOUMISSION — A NE PAS OUVRIR — Projet Complexe de Transformation de Produits papetiers et cellulosiques."

Tenders should be sent no later than May 30, 1978, the postmark being taken as evidence of the date of posting.

Tenderers remain bound by their quotations for a period of 120 days.

ANNOUNCEMENT

Republicka Samoupravna Interesna Zajednica Za Puteve Beograd

Has applied for a loan from IBRD and intends to apply the proceedings of this loan to the reconstruction of a 22 km. section of route E-5 in Serbia to four lane divided limited access highway and also the construction of the south bypass of Nis as a two lane road of 6,3 km. in length.

Construction includes approximately:

1.900.000 m³ earthworks
334.000 tons asphalt paving, and
2.601 metres bridging

Contractors from member countries of the World Bank and Switzerland interested in prequalifying for these works are invited to submit their applications to the investor not later than one month from the date of publication of this announcement. Applications should be supported by reference details of relevant experience on similar works. Details of staff and equipment documents will be available March 1, 1978.

Only those contractors who have been prequalified will be invited to submit bids.

Address for submission of prequalification data is: REPUBLICKA SAMOUPRAVNA INTERESNA ZAJEDNICA ZA PUTEVE, BULEVAR REVOLUCIJE 282, BEOGRAD JUGOSLAVIJA

CONTRACTS AND TENDERS APPEAR EVERY MONDAY
For further details contact:
FRANCIS PHILLIPS on 01-248 8000 Ext. 456

Improving Ulster's industrial base

BY GILES MERRITT

THIS MORNING Mr. Ronnie Henderson, managing director of the Northern Ireland Development Agency, is due to face the Press. He is, by his own admission, just a bit jittery over how the meeting at the agency's secluded headquarters overlooking Belfast will go.

Rather belatedly, Mr. Henderson will be unveiling NIDA's first ever annual report and accounts—for the 1976-77 year ended last March 31. But it is neither the long delay nor the losses detailed in the financial statement that worry him most. The saga of how, two years ago, the British Government set up NIDA to take over the role of the discredited Northern Ireland Finance Corporation (NIFC), and the ensuing accounting nightmare, is well known to Ulster's financial commentators.

The problem that concerns him much more is that of explaining why NIDA's achievements are still so intangible that they are almost impossible to list. Like the Government itself, Mr. Henderson is under considerable pressure to show results in the current drive to reverse the Province's economic decline. Yet, in spite of several notable successes, NIDA is hard put to pinpoint the number of jobs that have resulted from the £13m. it has so far channelled into Northern Ireland industry.

Looked at in the cold, two-dimensional terms of its balance sheet, the agency appears something of a problem child. When its second annual report, for the year ended March 31, 1978, is published in a few weeks time, that too will record financial losses. More important, although State-owned NIDA has a £50m. budget to invest in Ulster businesses, its immediate forward projects in hand are for only £1m.

Ronnie Henderson's fear is that the Press will latch on to these negative indicators and ignore the fact that NIDA is now beginning to build up a positive reputation among the Province's industrialists as a risk capital source that is plugging the gap between governmental job creation units and private investment bankers.

5,000 jobs

It would be surprising if some of the Province's newspapers do not do precisely that, for the number of jobs created or saved is an understandable preoccupation in Ulster where unemployment has tripled since mid-1974, and at around 11 per cent. is at a 40-year high. The difficulty is explaining that NIDA's role is not that of straightforward job creation, and it is a difficulty compounded by the blurred relationship between NIDA and its NIFC forerunner.

In a nutshell, NIFC was set up in 1972 under the then chairmanship of Sir Charles Villiers as a "fire fighting" development bank modelled to some extent on the old Industrial Reorganisation Corporation (IRC) that he had headed in Britain. With the Ulster troubles beginning to bite hard into commercial activity there was official panic that the industrial structure was starting to crumble. As a result of its interventions it has been claimed that NIFC saved upwards of 5,000 jobs, but increasingly it became sucked into propping up broken companies. When it found itself forced to acquire 80 per cent. of the Ben Sherman fashion shirts empire it was said of the deal: "A reluctant buyer dealing with a reluctant seller."

By 1976 that remark had become the NIFC's epitaph. Unfortunately, in the same way that NIFC had become saddled with lame ducks, the re-structured NIDA was inevitably saddled with NIFC and its legacy of lame ducks. To name but one, the ambitious Andersonstown project of Strathearn Audio that was hoped to take 1,500 men out of the long dole queues of West Belfast, signally failed to do that and has instead cost around £8m., and was passed along to NIDA.

Because of its State-owned character, NIDA will probably never fully escape the responsibility of putting a splint on some of Ulster's lame ducks. The best it can aim for is the selection only of those with a chance of survival and much more rigorous financial supervision than was demanded by NIFC. Of the five wholly-owned subsidiaries that are part of the NIDA "group" each has a chairman who is an agency employee. Nor are the subsidiaries quite the liabilities that might be thought.

Strathearn is a direct government liability, as of late last December. Of the other four subsidiaries, the bicycle-making Viking Manufacturing Company, looks set to be a soundly based venture carving out its own distinctive market. If so, the small Derry company employing about 100 people will be an encouraging symbol of the way NIDA is going, for the Viking has built quite literally on the wreckage of an earlier NIFC disaster. Viking was set up at a cost of about £1m. in the factory that formally housed Regna International, a Scandinavian cash registers operation that absorbed about £4m. in NIFC grants and loans before it finally folded.

Mr. Roy Mason, Northern Ireland Secretary: NIDA is increasingly reflecting the Government's concern with the structural problem of Ulster's industry.

Less talked about than Viking, but with no obvious defects, NIDA's other subsidiaries are a small lock making business called SMS in the troubled border town of Strabane, where unemployment is at 30 per cent., Sugna, of Bangor, and the tiny Springtown Engineering concern in Derry. Expanding NIDA's own capacity to run wholly-owned concerns is clearly one of Ronnie Henderson's priorities, and he is planning to form a useful management cadre at NIDA that will increase the size of his own 60-plus payroll but will provide him with a pool of potential chief executives.

Much of NIDA's business, however, has so far been in the area of risk capital, either in the shape of loans or equity participation in which the borrower normally has a buy-back option. In all, NIDA has negotiated 21 such ventures, ranging from start-up funding to the injection of cash into under-capitalised but otherwise sound operations. The companies in question run the gamut from Moy Meats to Northern Publishing, Tern-Consulate Shirts to Tufted Carpet Tiles, sawmills to picture framing. Arguably the most impressive relationship has been that of NIDA and Glen Electric, a rags to riches Newry domestic heaters concern that NIFC first helped get off the ground. Three months ago, when Glen had the chance to buy up the Dimplex brand leader, NIDA came up with seven figure cash backing within days. As Glen's managing director Mr. Martin Naughton put it: "NIDA cut all the red tape and worked several 26 hour days. With some commercial banks I would still be waiting on Board meetings and would have missed the Dimplex deal."

In effect, that is the side of NIDA which is management consultancy and efficient development banking. But it is not the side that dominates Mr. Henderson's own thinking and that he will no doubt attempt to emphasise at to-day's press conference. Improving Ulster's industrial structure is, he believes, a crucial part of NIDA's brief. To a large extent that is in line with the trend in Government policy, for whereas official reaction to Northern Ireland's problems was at first a "job for job's sake" approach, nowadays attention has turned to the Province's underlying disadvantages.

A good example is the NIDA sponsored investigation into the idea of building, in association with South Africa's Abercom metals group, a small £10m. to £15m. scrap smelter and 80,000 tonnes a year steel mill on the coast at Warren Point. The EEC Commission will doubtless disapprove and the smelter would create little direct employment, Mr. Henderson concedes, but its down-stream effect on Ulster industry and future foreign investment could be important. At present the Province has, in spite of its engineering tradition, no available castings capacity. If it had such capacity, Ulster's production costs in certain key activities would improve and the engineering sector's dwindling employment levels be reversed. The impossibility of putting an accurate figure on that sort of project—either in jobs or in increased industrial profits—is precisely the point Ronnie Henderson will be trying to make.

Building and Civil Engineering

£14½m. Gulf hotel award

THE MAIN contract, worth about £14½m., for the construction of the Gulf Bahrain Hotel has been awarded to Cementation International by the Bahrain Hotels Company.

Cementation says there was intense competition for the hotel which will have 16 storeys mounted on a 2-storey podium. The structure will be founded on Cementation piles and other work to be undertaken will include slip roads, ancillary services and extensive landscaping.

The company is within a few days of completing a major extension to the Bahrain Hilton and says the speed of completion of this job (within a year) had some influence on the award of the new contract.

Architects for the Gulf Bahrain Hotel are Associated Continental Architects (Gulf) and the consulting engineers are G. Allan Herbert and Partners (Gulf).

£3½m. worth to Cubitts

AWARD OF a £2½m. housing contract at Thamesmead, the redeveloped area on the south bank of the River Thames in south-east London has been announced by Holland, Hannen and Cubitts Construction.

With completion scheduled for March 1980, the contract involves 90 low-rise houses and 72 flats arranged in 14 blocks.

Cubitts has also won two contracts, together worth about £762,000 for modernisation of 70 houses and a hostel for disabled people at Enham village centre near Andover, Hants. The work is financed by The Housing Corporation, the Government agency which promotes, finances and supervises non-profit making housing associations.

Structural steel orders

STRUCTURAL steelwork export orders in 1977, as reported by members of the British Constructional Steelwork Association, held up well at 37,141 tonnes.

Against a background of extremely severe international competition and price trimming and a recession in construction work in many countries, this represents a considerable achievement even though the 1976 figure was just over 42,000 tonnes.

About 45 per cent. of the 1977 orders came from OPEC and non-OPEC Arabic-speaking Middle Eastern and North African countries.

If Iran and Nigeria are included in the figures, the percentage rises to better than 60.

The highest tonnage was taken by Poland with 13.3 per cent., mainly for support structures and buildings for petrochemical plant.

Most recently reported orders include 1,655 tonnes for a hotel in Bahrain, 1,039 tonnes for a petrochemical plant in Bangladesh, 715 tonnes for pumping stations in Nigeria and 584 tonnes for a pipeline project in Iran.

Boilers take many fuels

REFURBISHING of older homes and commercial properties is now being undertaken by the major construction companies in the absence of new work.

Inevitably, heating appliances are among the major items of equipment that have to be considered and one company which has been quick enough to realise this is Acoustics and Envirometrics which last week announced that it was putting on the market a cast iron boiler which may be fuelled by gas, oil, coal or wood. Changeover of fittings when switching from one fuel to another can be achieved very quickly.

Details of the boiler can be obtained from the company at Ruxley Towers, Claygate, Surrey, KT10 0UF (Esher 67281).

Advance factories

TWO subsidiaries of Norwest Holst, Norwest Construction (Building) and Walter Holme and Sons, have been awarded contracts valued at over £3½m.

English Industrial Estates Corporation has awarded two contracts to Norwest Construction (Building). One, worth over £1.7m. is for the construction of 20 factory units in seven blocks at King Edward Street, Liverpool while the other, valued at £314,274, is for an advance factory at Bridle Road on the Netherton Industrial Estate, Northumberland.

The same company has also been awarded a £840,840 contract by Co-operative Retail Services to build a supermarket and nine precinct stores at Breck Road, Liverpool.

The other subsidiary, Walter Holme and Sons, has won a £647,323 design and construct contract for a swimming pool, squash courts and service roads for Rochford District council, Essex, at Clements Hall, Hawkwell.

£5m. road in Nigeria

A WHOLLY-NIGERIAN owned company which has its construction activities managed by Bovis Construction International has won its first major contract.

Caleb Bovis Johnson Construction has been awarded a contract for the reconstruction and rehabilitation of 16 km. of road between Ife and Ifewara township in Oyo State in Nigeria. The contract is worth about £5m.

The two-lane road will be 12.8 metres wide overall and the contract also includes a bridge, all side drains, and outfalls to culverts and streams. Work has just begun.

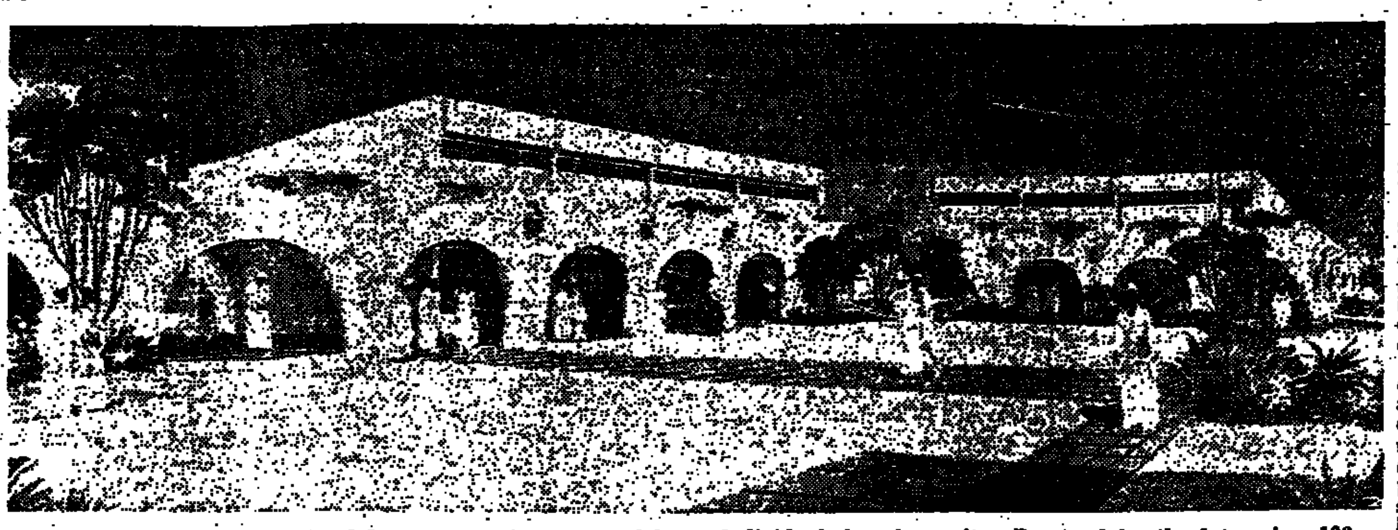
Washing and drying unit

INTRODUCED by C. A. Wallgate and Co. is a handwashing/drying unit intended for shops, offices, small workshops and other areas where it is more suitable to retain a conventional wash basin.

Known as the Valet, it is 540 x 460 x 220 mm deep, and is mounted over an existing hand basin. Three buttons dispense soap, warm water and hot air in measured quantities.

To recharge the soap dispenser, a single screw is removed and a door on the left hand side swings down. The half gallon soap container can then be refilled.

More from the maker at Crown Lane, Wilton, Nr. Salisbury, Wiltshire SP2 0HD.



An impression of the completed first stage of the commercial centre at Risail, Sultanate of Oman, built for Sayyid Faher bin Taimur, who is deputy Minister of Defence. It is at a busy road junction where the main road from Muscat to the interior and the south joins with the main coast road to Sohar and the northern border. This part of the development includes a branch of the British Bank of the Middle East, a Shell service station, a supermarket, a restaurant and 18 individual shopping units. Proposed for the future is a 100-bed motel, a car showroom, flats and a cinema. The development has been designed by John R. Harris Associates and is the first of its kind in Oman. It was built by Joannou and Paraskevaides (Overseas) and it is understood that there are still vacancies on the site for anyone interested in doing business there. Details can be obtained from Oman Trading, Industrial and Engineering Organisation, PO Box 5063, Ruwi, Sultanate of Oman.

Walls go up five times as fast

WALL BUILDING five times quicker than the conventional bricks-and-mortar method is possible with a method introduced to Britain from Belgium by Interlicet, international licensing consultants of Alderley Edge, Cheshire in association with Compu-Mark Technology Transfer of Brussels.

The Stepoc patented process makes it possible for walls to be built dry up to one storey high with moulded concrete blocks before they are bonded with liquid concrete poured down through cavities which pass through the blocks. One man—not necessarily skilled—can position 1,200 of the 6½ kg. blocks (equivalent to approximately 100 square metres of wall) in a normal working day. The hollow building blocks are so constructed that when the dry walling is in place the liquid concrete goes down an inclined cavity.

It is possible to go on building even in cold or rainy weather, and the actual filling can be done quickly, using traditional equipment, although best results are obtained with a small concrete pump specially developed for the system. The blocks give good heat and sound insulation factors and tests carried out in Belgium by the De Naeyer Technological Institute at Malines have shown Stepoc walls to have high resistance to stresses.

Dimensions of the Stepoc block can be adapted to conform to the standards generally accepted in any particular country or area.

More on 061-[illegible] 1126.

£2m. to Crown House

OVER £2M. is to be spent on modifications and additions to mechanical and electrical systems and installation of production machinery at Metal Box's new £27m. can-making plant on the Braunstone Industrial Estate, Leicester.

The task is to be undertaken by Crown House Engineering whose brief is to design and instal all mechanical, building and production services for a complete working unit in an existing factory.

Also included in the work is the design and installation of heating and ventilation systems, compressed air and cooling water, lubricant and solvent supplies.

Crown House is also to assemble and position production plant involving items weighing a few hundredweight and up to 35 tons.

A computerised control system for machines and conveying systems is also to be installed.

Makes sure the pipes are right

SEVERAL versions of automated pipework layout schemes are available and improvements are being added very frequently. The latest to be announced will be demonstrated at the forthcoming CAD 78 show and conference in Brighton and it comes from people who have probably installed more complex pipework in Britain than any other group.

Babcock's new "Pipestream" engineering application programme has been worked out to provide fluid dynamics analysis for piping networks, handling both two-phase and critical flow.

This programme is compatible with the company's "Pipestress" which, as could be expected, handles stress analysis in pipework and by running the two an engineer can carry out both flow and stress tests in a single pass.

"Autograph" is another Babcock development to be shown. It is an easy to apply graph drawing routine.

Putting the nerves into Sullom Voe

TWO CONTRACTS, worth together more than £4m., have been awarded to Holiday Hall for electrical and instrumentation installations for the power station and off-sites at the giant Sullom Voe oil terminal in the Shetland Islands.

Holiday Hall is a member of the Matthew Hall Group and won its contracts from Foster Wheeler, one of the main site contractors, on behalf of BP Petroleum Development which is managing construction and operation of this major oil terminal.

Pipeline in Kent

BRITISH GAS Corporation has placed a pipeline contract, worth over £1¾m., with A. Monk and Company.

The contract calls for the laying and welding together of 19 km. of 600 mm. diameter steel pipeline from Shorne, near Gravesend, to the Isle of Grain. Included are alterations to pipework, cable ducts and cabling.

Monk is also carrying out civil engineering work which includes breaking up existing foundations, constructing piled foundations and providing concrete protection to underground pipework and above-ground pipe supports.

Shoppers' guide to programs

SEVEN computer programs for the analysis and design of continuous beams have been evaluated by the Design Office Consortium with the aid of several of the country's consulting engineers. DOC has published a report on them which is intended to guide users in selecting programs appropriate to their requirements, spur software experts into filling gaps in development and help Government organisations in co-ordinating developments while avoiding duplication of effort.

The work is being done at the behest of the Property Services Agency.

The programs examined are Beam 110, Beam/1, Abdul, Conbeam, Gladys, DP102, and Decide.

They are examined in the context of CP110, the British Standard code of practice on the structural use of concrete, of which the report says that "far from being a definite set of rules, the code allows and demands decisions to be taken by the engineer using his own judgment."

But in most cases such decisions are being taken within the programs, which is reflected in the wide range of results produced by the evaluated programs on identical test problems.

More from Design Office Consortium, Guildhall Place, Cambridge CB2 3QQ. 0223 311246.

IN BRIEF

- The City of Glasgow District Council has awarded phase two of the Saltmarket, Glasgow Cross redevelopment to Gilbert Ash Scotland.
- Bourne Steel is to design and fabricate the steelwork and exterior cladding for a food storage and distribution depot extension for Kearley Tong on the Ferndown Industrial Estate near Poole, Dorset. Cost will be £25,000.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Today's bank managers: the new hunters and gatherers

Nicholas Leslie concludes his analysis of the way in which British and German banks are serving industry

RELATIONSHIPS between bankers and their corporate clients can vary enormously. Some banks, particularly a few of the Americans, have reputations for aggressiveness and are accused of forever knocking on doors of companies where they are not really wanted, with ideas that are not sufficiently novel to warrant real consideration. In contrast, many U.K. banks are thought of as being too restrained—uninterested even.

These may be extreme views, and there will certainly be many banks in between, but even those which are more middle of the road have seen some significant changes in strategy and attitudes in recent years.

This is certainly the case with Barclays Bank and Commerzbank, which have been the subject of two articles on this page (last Tuesday and Friday), dealing with their structures and approaches to training. Significantly, despite a widespread assumption (certainly in the U.K.) that German banks have been superior to their British counterparts in satisfying the needs of industry, in one respect Barclays and Commerzbank have followed a similar path: it is only in the past ten years or so that they have made a real effort to sell themselves.

Before marketing campaigns became a normal part of their business life, each relied to a considerable degree merely on clients asking for money or advice—often on the recommendation of other people or companies—or on fairly low-key approaches to customers. And very little in the way of overt "poaching" of another bank's customers went on.

An integral part of their selling campaigns has involved a change in the working lifestyle of managers at both Barclays and Commerzbank, although probably to a greater degree in the former since they have had more leeway to make up. Managers are now less desk-bound. They spend a good deal of their time out and about among actual and potential customers.

In their jobs they have considerable back-up from an increasing number of specialist departments and personnel, such as account executives whose task it is to respond to the needs of particular, generally large, corporate clients. Managers must also bring to bear a more wide-ranging knowledge of the business, than was necessary in the past.

In one particular way—according to the two banks—the lot of the German bank manager differs from that of his British counterpart. Commerzbank says that its business customers are rarely reluctant to ask for money or advice. They are keen to discuss the range of possibilities open to them and, on the whole, the bank considers they are financially aware, if not particularly sophisticated.

Commerzbank cites export finance as a particular area where this spirit of cooperation is to be found. It feels that as, over the past 15 years or so, German companies have satisfied their domestic markets to an ever greater extent, they have avidly sought out new outlets abroad. As a result a large majority of them now has some trading connections with overseas markets—and the banks have naturally been keen to be connected with this business.

Such a picture is far less familiar in the U.K. Despite some increase in companies' financial awareness, they are still very conservative in their attitudes towards money, viewing deposit accounts as a convenient and safe means of looking after spare cash, and overdrafts as the answer to most of their financial needs. Bank managers and others who deal face to face with corporate clients therefore feel they must assume an educative role, which is not always appreciated by the customers. Often, instead of bank and company essentially pulling in the same direction—for example, in pursuit of export business—the result is that they end up pulling in different directions.

This is probably a general experience among British banks, not so much where a term loan for a particular investment is concerned, but where managers try to convince customers that the long-standing hard-core of a large overdraft facility should be converted into a (slightly more expensive) medium-term loan. In these cases, the level and repayment of the loan is being increasingly matched to projected cash flow, leaving overdrafts to be used solely for working capital.

Given this frequent resistance, Barclays feels that, notwithstanding its desire to get closer to corporate customers, it must not appear to be pressuring them. "We must be positive rather than aggressive in our approach," is the view taken.

Branch managers of both Barclays and Commerzbank are given a large measure of independence. Provided each manager keeps within the financial limits laid down by head office and observes the general principles of banking practice that each bank considers appropriate, he can exercise quite considerable discretion in respect of each corporate customer.

The implication to draw from these practices is that both banks are likely to be more amenable to a company which is prepared to bare its soul and establish a close relationship than they are to a company which is reticent about discussing its financial and trading position.

Differences in their basic approach to lending are readily apparent. A Commerzbank branch manager would probably assess a corporate customer's credit-worthiness for a term loan by reference to its financial position (balance-sheet, profit record, and allied factors) and to the projected cash flow pattern from the new investment in question.

A Barclays manager, on the other hand, while obviously assessing a company's financial position, has traditionally tended to consolidate his security by a charge on a customer's assets, and has only recently begun to include cash flow patterns in his deliberations.

A particularly interesting point and one which questions the conventional wisdom on this subject, is that — in certain circumstances — a Barclays manager may be able to offer a term loan of longer duration than his Commerzbank counterpart. He would be prepared these days to provide funds repayable over anything up to ten years, whereas Commerzbank, tied more to changing money market conditions, currently considers seven years to be its limit, though it has offered longer terms in the past.

A notable feature of Commerzbank's assessment procedure for loans is that, when a branch manager decides he should refer a corporate customer to the merchant banking system of a main branch for a decision on a sizeable term loan, the main branch makes up its mind after scrutinising financial and trading data supplied by the company, but without necessarily knowing the customer's identity. It may, of course, recognise the company from the data alone, and there are also times when the main branch will feel it is necessary to know the identity of the client.

This general practice of anonymity is the result of Commerzbank's large equity stakes in many of its clients, and its wish to avoid any conflict of interest between its roles of shareholder and provider of finance.

Barclays, which has no such equity stakes in companies, would find such practice anathema. It points out that, among other reasons, it would not lend on such a basis, since the company concerned might form part of a group to which the bank had already loaned funds; it would therefore not know what level its total exposure to the group had reached.

Although money is the major commodity of any bank, it is not the only thing it sells. A consequence of the marketing orientation that Barclays and Commerzbank have adopted is that a plethora of internally-generated literature and back-up facilities can be provided in such areas as investment management, securities and money market dealing, accounting, and taxation. And while overdrafts and term loans are the most readily recognised forms of finance, other facilities such as leasing and factoring will be regularly discussed by managers with their clients.

Internationally, as at home, Barclays is much more widely spread. This is hardly surprising given that the constituent parts of Barclays Bank International date from the last century, whereas Commerzbank's first direct move overseas—after 1945 when the overseas assets of all German banks were confiscated—was in 1967, when it participated in the formation of International Commercial Bank.

Both make extensive use of their overseas networks as sounding boards for business opportunities, details of which their branches in their respective domestic markets can then pass on to corporate customers. Conversely, managers of both banks can arrange to find companies or areas of activity abroad which clients at home might be seeking.

While this is theoretically supposed to work to the advantage of all customers, in practice it seems to be the larger corporate clients which benefit the most, since they are the ones with which the banks maintain closest contact: this applies to all types of business, not only international consultancy. Channels of communication between bank and smaller client on a day-to-day basis tend to take the form of written and printed material in the absence of any approach by the client.

The managers of the main branches of Commerzbank have a particular responsibility to look after the needs of major concerns. They consider requests for finance, make independent assessments of what other requirements clients are likely to have, give views of economic prospects and the outlook for share and money markets and generally act as a direct liaison between bank and client.

Barclays has a parallel type of arrangement, but one which seems to be much more developed. This is partly the result of its very much larger size, but its different origins are also an important factor in that they fostered a structure that now embraces such breadth and depth of management that decision-making is brought close to all companies, particularly the larger ones.

At Barclays, branch managers will deal with most day-to-day requirements of small, or even medium-sized companies — depending on the size of the branch and thus the lending limits within which its manager must operate. The local head offices then handle the rather bigger situations and have more readily at hand the specialist personnel to deal with leasing arrangements and similar facilities.

Then there are co-ordinators, who in many cases are also local directors, or even regional general managers. They perform a similar function to that of Commerzbank's main branch managers in that they act as a close link between bank and big corporate clients. Each co-ordinator will take specific charge of the needs of a handful of very large companies and based in his territory maintain a continuous working relationship—which seems to be the closest British banks get to having someone on a client's Board of directors.

Co-ordinators clearly have power to sanction lines of credit of considerable size. While Barclays will not disclose any figures, it says that this level of staff has sufficient discretion to look after the greater part of even the biggest company's requirements, and that it is for the more special types of finance, such as Euro-currency loans, that they would have to refer their client to head office.

Because of the secrecy which surrounds the exact parameters within which senior personnel work, it is not easy to establish how comparable different jobs in the two banks are, but there does seem to be a trend in both to bring more specialists face to face with clients.

One aspect of this broadening interface between bank and client is the increasing amount of essentially non-banking advice that each is geared to give.

How sophisticated these services really are and how receptive clients are to their local branch manager when he approaches them with a fistful of economic and business data, plus suggestions of how they might develop their business, is not at all clear. It does seem, though, that in this respect some friction can be injected into a working relationship. Barclays insist that it is aware of such dangers and that it is therefore very selective with proposals and information, trying to ensure that it tailors its information to a client's real requirements.

This practice is but one example of how Barclays is trying to improve its relationship with corporate clients. Their awareness of what it can offer, should, in turn, lead to increased business in this country as well as overseas. The Commerzbank feels it already enjoys a real understanding among companies of how it can help their business.

Whatever efforts they may be making, the banking communities in both Germany and the U.K. remain under fire: government-inspired investigations into financial services are being carried out in both countries. Barclays and Commerzbank themselves are clearly very sensitive to this situation, and lose no opportunity to try and justify the way they go about their business.

EXECUTIVE HEALTH BY DR. DAVID CARRICK

More than a pain in the neck

MANY NEWSPAPERS, television and radio channels have recently made a meal of two newsy items. One concerns the "Red flu," the other the scare about mercury in oranges.

Every influenza epidemic receives a catchy name, usually linked with the area whence the epidemic appears to have originated.

The epidemic that slew twice as many people as puny men had eliminated in the five years of the Great War, was labelled "Spanish 'flu." More recently we have had Asian 'flu" and the "Hong-Kong" variety. Now we have the so-called "Red 'flu," which is caused by a virus which is a relative of the 1947-1957 virus, but this time began in the USSR.

People call anything from a cold to a hangover "'flu"—it sounds so much more respectable—but the signs and symptoms of the disease should usually be apparent. The patient feels ill, he has a severe headache, pains behind the eyes and in most of his limbs and joints, plus a dry cough. The temperature rises to 103-104F, but the pulse-rate is much slower than would usually be expected with so much febrility, and the tongue is dry and furred. Because the 'flu is caused by a virus, few drugs are of much use, although Symmetrel sometimes aborts the disorder in some. Aspirin and bed plus plenty of citrus drinks are usually the best that can be done.

A condition I have seen frequently in the last few weeks is what the French might call: "*La grippe dans la forme fruste*" . . . which is almost untranslatable. With this, the patient feels cold and ill for several days. There is little or no fever but, again, the pulse is very slow. Two or three days afterwards, a severe chesty cold and a troublesome cough may develop, sometimes associated with pains in the chest which usually are fibrositic in nature. Antibiotics are useless and can do little but amuse the immune virus. Bed, fluids and a good cough-linctus plus menthol inhalations are of value.

The second newsy business concerns Jaffa oranges containing mercury. As it is *metallic* mercury, it will pass right through the alimentary system unchanged. True it may have a slight purgative value, or the reverse.

Furious row

Years ago when I was on a children's ward, two nurses had a furious row in some strange language and one stamped out in a huff. Then we found a thermometer missing. A careful inspection of 32 infants revealed a tiny cut in a three-year-old's lip; the child, of course, was the only son of a tycoon. We X-rayed the boy and obtained a perfect picture of the stomach outlined in mercury. Also we could see a tiny blob of the metal in the remains of the thermometer's bulb.

The broken shaft of the instrument was of little concern because of the remarkable way in which the alimentary tract will turn sharp objects so that they go down bluntways. The remains of the bulb could have proved awkward: but both pieces of glass passed merrily out in a day. The mercury, however, loitered slowly through the bowels, taking five or six days on the journey.

So why, one may ask, have certain mothers had to take their children to hospital after they had consumed a mercurised orange? They cannot be ill, and all that I can suggest is that the mother's needless alarm was communicated to the children, who then fancied they were indeed ill.

The only real sufferers of the mercury business, however, are the orange-growers, for disgraceful reasons; and the terrorists, who must have paid huge sums for this expensive metal, or at least bought a few thermometers. But, as the wicked and ungodly tend to flourish like the green bay-tree, lavishly manured by ill-informed publicity, they have reaped a hateful harvest which one can but hope will grow ergot as readily as spoiled rye.

LOMBARD

Cheap fuel for a trade war

BY ANTHONY HARRIS

THE FACT that the lack of an energy policy is undermining the U.S. dollar is all too familiar: but what is not so often remembered is that one result of the lack of an energy policy is that both domestically produced oil and coal are cheaper in the U.S. than elsewhere. The fall of the dollar cheapens oil for everyone—hence the rather reduced estimates for the value of North Sea oil: but however far the dollar falls, the U.S. consumer has a further advantage in dollar terms which is not affected.

Troublesome

For most industries this kind of enhanced competitiveness is of little consequence: fuel costs might give an advantage of a fraction of a percentage point, but the value of the dollar itself is of far more significance than relative dollar prices. However, there is a group of products with high energy content, and of oil-based products with low added value, where the sums work out in a very different fashion. In products like fibres, some basic chemicals and aluminium the U.S. producer has a cost advantage which has nothing to do with productivity, interest rates or real wages, and it is in markets like these that U.S. competition is now becoming really troublesome.

On the face of it this is flatly unfair competition. One might think that the rules ought to be modified to allow the general imposition of countervailing duties, which would bring the price of U.S. imports up to the level which would have to be charged if U.S. producers paid a world price for their supplies. Indeed, if such duties were generally imposed in the outside world, President Carter would have an extra argument for his proposed energy measures and the higher prices they would imply, so you might think everyone would be pleased. However, there is no chance at all of a world-wide counter-move; and once one considers moves by individual countries, or even a group like the EEC, the case for action largely collapses.

It is also a very difficult question to determine how much of the U.S. advantage is due to policy failure, and how much to natural advantage. It really is cheap to dig coal in the U.S., and since it costs a great deal less to ship fibre than to ship the coal which goes into its making, there is a natural advantage here. Importing cheap fibre is our way of sharing that advantage—that is what world trading is all about. The ease with which this apparently simple argument can be stood on its head illustrates why trade questions generate so much heat and so little agreement.

The question of energy policy, though, is a horse of another colour: for the availability of oil below world prices has nothing at all to do with natural advantage, and everything to do with foolishness. The U.S. failure to act on energy mortgages the future for a little deceptive comfort for the time being, and the rest of the world, which instructs its central banks to finance the imports which result from this nonsense are *not even getting any temporary* comfort for their pains. They do not intend, of course, to finance U.S. oil imports, but simply to prevent their own currencies from rising too far: but the result is just the same. It is because the Joneses must keep up with the Schmidts, who are looking over their shoulders at the Kotos, that everyone conspires to underwrite American wrong-headedness.

Subsidies

Unfortunately competitive foolishness is always a mark of a world recession, and it is bursting out in all sorts of places—currency management, *subsidies for shipbuilding* (which may in the end bankrupt the shipping lines saddled with old, unsubsidised ships), wine lakes and beef mountains, and subsidies to help house-buyers to compete with subsidised *farmers in bidding up the price* of land.

You may think that these issues are rather remote from the question of the price of oil in the U.S.: but existing U.S. energy policy amounts to a kind of subsidy. What is more, it can only be a matter of time before manufacturers hurt by the competition I have described, and realising that protection is no answer, ask for a countervailing subsidy of their own: and the next step after that would be an EEC fibre mountain.

It is in the name of sense rather than unfair competition that we should protest about U.S. energy policy: but we should not be surprised to hear some countervailing grumbles about ourselves.

THE WEEK IN THE COURTS

Law for foreign states

BY JUSTINIAN

THERE ARE very few areas of the law that remain wholly untouched by Parliament, but the rule that foreign states are immune from being sued in the courts of this country is just one. It is hardly surprising that, since English lawyers feel more at ease with the law as developed by the judges than with interpreting the meaning of words used by parliamentarians, the Government should have run into trouble recently when it introduced into the House of Lords the State Immunity Bill, designed to restrict that immunity when companies are trading with foreign states or, increasingly, with state agencies engaged in trading.

This country has been in the past the leading exponent of the concept of absolute immunity. Thus the rule of English law has been that potential litigants are debarred from pursuing claims in our courts against foreign states or foreign state agencies, particularly claims arising from commercial or trading activities, unless the foreign state waives the privilege. This rule is *particularly galling* when it is compounded by the fact that states applying the rule of absolute immunity enjoy no corresponding immunity from the jurisdiction of the courts of other states which apply a rule of relative immunity.

Modernisation

This is mitigated often by the fact that the "relative immunity" states continue to observe the rule that there can be no forced execution against *the property of* foreign states situated within the territory of the court of judgment.

Given the highly unsatisfactory state of the English law, echoed by both judicial and legal academic opinion, the Government is now seeking ways of modernising the law. In 1972, under Council of Europe auspices, the countries of Western Europe produced a Convention on State Immunity, and this country was a prompt signatory to it, thus indicating early legislative implementation. But there is the rub.

A major criticism during the Bill's second reading came from the senior Law Lord, Lord Wilberforce. He observes that a Western European document—the 1972 Convention—based on Western European philosophy was hardly suitable as a model for application to Eastern European trading operations, where trade was conducted through state agencies, or indeed to other parts of the world, such as Africa *and* Latin America. And he earnestly pressed the Government on that account alone to rethink the provisions of the Bill. Two aspects of the Bill caused Lord Wilberforce serious concern.

First, the Bill is unnecessarily *restrictive in its removal of the* immunity. With regard to contract, the limitation is that foreign states can be sued in future, but only in respect of contracts failing to be performed either wholly or partly in the United Kingdom. And when it deals with commercial activities, the Bill is even more restrictive. Only commercial activities conducted through an office, agency *or establishment maintained in* the U.K. will qualify for the inapplicability of the immunity. This is far more limited than the corresponding provision in the United States in the Foreign Sovereign Immunities Act of 1976, which does not require that the foreign state or state agency should have an office abroad.

Influence

The other major worry is that the European Convention's provisions on the execution on *judgments* powerfully influenced the rest of the Convention. But since it has proved possible to legislate for the execution of judgments only as regards Convention countries, it was argued that it was unwise to limit the ambit of commercial activities for all countries. The Convention does not resolve the conflicting views between a rule of international law prohibiting execution against the property of foreign states, or whether the rule simply prohibits execution against property destined for public use. It simply establishes a basic rule prohibiting execution, and combines it with a system whereby the state against which a judgment has been given in a foreign court accepts an obligation to give effect to the judgment.

If the state does not give effect to the judgment, the party in whose favour judgment has been given may institute proceedings before the courts of that state in order to have determined the question whether effect should be given to the judgment. Even more elaborate safeguards are provided in a protocol to the convention. The private litigant wishing to invoke a judgment against a contracting state has an option to institute proceedings either before a competent court of that state, or before a European tribunal consisting of seven members of the European Court of Human Rights. None of this is apt *for countries outside the* Council of Europe who may sign the Convention.

However, if Lord Wilberforce's pertinent remarks did not quite ring the Bill's death knell, Lord Denning's predilection for leaving the matter to the courts was *more pronounced. In a case in* the Court of Appeal last year, *Trendtex Trading Corporation v. Central Bank of Nigeria**, the judges boldly fastened on to the rules of international law as a means of departing from the established English rule of absolute immunity. The particular piece of litigation was by a Swiss company against the Central Bank of Nigeria which had no office in London. The Court of Appeal held that the Bank was not an organ of the State of Nigeria, but even if it was a majority of the judges *said that no plea of state immunity* was available because the litigation arose out of a commercial transaction for which international law (and hence now English law) conferred no longer any immunity.

Upper House

The case is currently under appeal to the House of Lords. If the House endorses some of the wider views expressed in the Court of Appeal, then the Bill *would take on an even more* restrictive line on state immunity than is generally warranted by international law, and would even be reversing to some extent the new law developed by the courts.

Not surprisingly, the Lord *Chancellor expressed dismay* at the Bill's reception. A Bill that was intended to have a speedy if not rapid passage through Parliament has not reappeared for six weeks since it obtained its second reading under the penumbra of judicial disapproval. For the time being the legislature is not translating a piece of judge-made law into statutory language. It is perhaps wise to see first what the Law Lords decide in the *Trendtex* case. Time enough then to assess the need for legislative intervention into a delicate area of international law.

*[1977] Q.B. 529.

EEC wants age limit cut for half-price fares

THE COMMON MARKET is to ask British Rail to lower its age limit *for half-price* children's fares from 14 to 12.

An EEC report, disclosing the move, says this would bring British child railway *fares* into line with the rest of the Community.

No time-scale for implementing the proposal has been set.

British Rail said: "This would have to be a decision taken at Government level."

It said it would welcome an agreement on common age limits throughout the Common Market, but it did not indicate whether it would be prepared to reduce its limit by the two years proposed.

Mr. Sidney Weighell, general secretary of the National Union *of Railwaymen*, attacked *the* proposal. He said it would drive families off the railways and onto the roads.

Well-oiled pack proves England's trump

RUGBY UNION

BY PETER ROBBINS

ENGLAND retained the Calcutta *Cup with 15-0 over* one of the poorest Scottish sides for years. England shared the confusion behind the scrum, and the greatest credit must go to the England pack.

Full-back Hignell dropped out and gave David Caplan his first cap, and Caplan's presence proved of greater value.

Total forward domination by the wel-oiled pack gave England a marvellous psychological start. It was precisely 21 minutes before Scotland crossed into England's half; thanks to some splendid tight scrum work and the aggressive approach of Beaumont and Wheeler, combined with the watchfulness of Rafter and Dixon.

Yet in this period England once again demonstrated their basic malaises. Their line-out work was a shambles, and there was no reasoning behind putting Rafter *in a two-man line-out*. They compensated slightly by seizing the secondary line-out position, but too often Young received unmanageable ball at this phase.

More crippling was the tactical dyslexia of Horton and Young. Both turned down prime scoring chances, but it has to be said that England *also* met fierce defence from Renwick and Cranston in the centre, and Biggar and Hegarty on the flanks. Irvine also made a series of excellent catches from Horton's kicks, and, when Scotland did finally drive England back, Horton messed around too much and was floored—much to the chagrin of his hard-working pack.

When the game was essentially won, England centres Dodge and Corless had the chance to show their skills in open play. Surprisingly, Dodge looked desperately slow and uncertain. Corless, a competent player by any standards, was better in the close moves, but how one pines for some really fluent passing and racy acceleration!

Slemen and Squires have both these qualities, and they were also eminently sound in defence. Slemen tackled Irvine at the vital moment in the second half, as Horton did Gammell. So, whatever criticism one may have in attack, the English backs were alert and quick in defence—none more so than Caplan, whose catching was faultless and whose *running in* attack was a great stimulant. He was in a most exciting move begun by Horton early in the second half, which ended when Horton knocked on.

Scotland could not sustain a movement of any length—because of the ponderousness of the forwards in the first instance. Many of the pack were blowing in the second half.

MacDonald and Gray won a lot of line-out ball, but frequently untidily and, as at Cardiff, the ball was smuggled back so slowly that the English defence had ample time to align itself. When the big Scotsmen came away from the loose, they met the terrier Rafter or the imperturbable Dixon. Scotland were also wheeled by their old enemy, and Wheeler took four strikes to one at the scrums.

There was enough possession for the Scottish [illegible] to use, but Breakey (a substitute for the injured McGeechan) had to change roles [illegible] half. He began with extreme confidence, a key figure with long, clearing kicks in that early period of English pressure. When the time came to run and pass quickly, his confidence had been dissipated, *largely due to Morgan's* fickle passing. He began to drop the ball, and with the others scarcely knew where Morgan's service would fall, and often, like the others, passed into space rather than hand.

Renwick and Cranston both probed the defence in their differing styles, but there was never real harmony in their play. Scotland may have benefited from Irvine's presence in defence, but when he attacked there was no sign of that supreme confidence and commitment that sets alarm-bells ringing in opposing defences. I strongly suspect his shoulder injury had not healed fully.

England scored their first try after half-an-hour as Corless and Slemen took the ball left before Wheeler brought it back inside. Squires took the final pass from the relentless Beaumont, and Young converted from under the posts. On half-time, Dodge landed a penalty from fully 60 yards—a most important score.

In the second half, Irvine missed one of similar length. While Scotland promised much, they provided so little. Neimes scored England's other try, after Corless had switched the ball inside to Dodge. Again, Young converted. Perhaps 15 points was a bit harsh on the Scots, but they really now have to stir their pot, unfortunately once more with that wooden spoon.

Welsh era could be ending

HISTORY was made at Lansdowne Road, Dublin, when Wales fought for and won their hat-trick of triple crowns. For three seasons they have always beaten the other three home nations, developing such an organised approach that it has seemed *almost* impossible that they would ever be dislodged.

They beat Ireland by 20 points to 16 in a hard-fought game with a combination of systematic technique, punishing precision, and telling flair.

They overcome the rampages *of the Irish forwards, kicked* valuable penalties in the first half through Fenwick and, with Edwards playing his 52nd consecutive game at scrum-half, were able to rely on measures of both control and magic as if to order.

There were signs, however, that we may have been witnessing the close of an era. The Welsh pack, although able to out-scrummage the Irish at will in the set and winning most of the ball in the line, lacked pace in the loose, and showed again that they are vulnerable.

Behind them, Bennett had a quiet game at stand-off—especially quiet for a captain. The centres, Fenwick and Gravell, even when beating one or two tackles, were usually predictable enough for the defence to wait and pounce.

J. P. R. Williams, apart from uncharacteristically fluffing a clearance which led to a try by Moloney, and lobbing a poor pass to T. G. R. Davies when a try seemed certain, was also unsettled by crowd barracking, following a late charge on Mike *Gibson*.

Gibson had been cheered on to the field for setting a world record of 64 caps. It was sad to see such a great player as Williams has been consistently booed for giving way to petulance.

Throughout the game there was a hearty scrap between the two packs, which occasionally spilled over into the backs. Boots were not always used to heel the ball. But overall the warfare was contained and there was no open fighting although many infringements were missed or overlooked by the referee.

The Irish may feel they did enough to win. Certainly, with more weight and experience in the front five of the pack they would have been able to put Wales under greater pressure. England will have their hands full in the final game at Twickenham on March 18.

Irish stand-off Ward had a patchy game kicking at goal, while Fenwick was able to turn penalty chances into points. Later, when Ireland needed to be within striking distance to take advantage of Welsh transgressions, Edwards pinned them well inside their own half.

The rebuilding of Ireland continues, although another big second-row man to partner Keane is sorely needed and the front row also needs greater weight *and strength*.

Wales now look forward to a splendid battle with France for the grand slam in Cardiff, also on March 18. On paper, the French, with the extra pace, should win. But would not put my shirt on it.

STUART ALEXANDER

Chelsea's inspired signing

SOCCER

BY TREVOR BAILEY

AFTER *a surprisingly* inept performance earlier in the week against Second Division Orient, which rudely ended their dreams of further cash and FA Cup glory, Chelsea delighted most of the large crowd at Stamford Bridge by beating Liverpool 3-1.

Although this welcome victory lifts them clear of the relegation zone, the really vital news for the club was contained in a progress report by the financial director, Martin Spencer, who has played such a large part in the battle, not yet won, to rescue Chelsea from liquidation.

Spencer, a highly experienced chartered accountant and a director of the firm Stoy, Hayward, came on the troubled scene in summer 1976, when the club had gone into the Second Division and had debts of £3,400,000.

The outlook could scarcely have been worse, but to-day Chelsea are back in the First Division and, as well as paying interest charges of about £340,000, have reduced their total indebtedness to £2,955,000 — a magnificent performance.

The Chelsea Board, under chairman Brian Mears, have sensibly decided to appoint Martin Spencer as their chief executive. *He takes up his position* on July 1, which judging by his achievements to date as a part-timer, must be their best-ever signing.

He will be directly responsible for the club finances. In any normal company he would be the managing/financial director but because, illogically, the rules of the Football League do not permit paid directors, he will have to resign his seat on the Board. It is a shape of move which other large clubs could well follow. Football needs expert financial administrators.

The problems facing Spencer are still considerable. Chelsea need to spend something like £1m. to comply with the Safety of Sports Grounds Act 1976. One solution would be to sell players. Wilkins would surely fetch well over £500,000—but that could prove to be a short-term gain and a long-term loss unless Chelsea have outstanding replacements. Success on the field and staying in the First Division are vital.

Fortunately, Chelsea do have some talented young footballers, so their future is promising. They really need some of the luck they enjoyed on Saturday, when they capitalised on two defensive errors by Liverpool, and beat a side technically superior but who over-elaborated in their opponents' penalty area.

England let down by fielding

CRICKET

Auckland, March 5

ENGLAND CAME away from the second day of the third Test here to-day well satisfied with holding New Zealand down to a first-innings 315 on an excellent batting wicket, before a record crowd of 35,000—5,000 more than the previous best in the country.—England's openers, Geoff Boycott and Derek Randall put on 30 runs from seven overs in the last 40 minutes.

England could well have been chasing a smaller total but for several fielding lapses and injuries which kept their two spinners, Phil Edmonds and Geoff Miller, out of the attack most of the day.

Edmonds bowled several overs at the start of the day before he found he was hampered by a bruised shoulder and grazed elbow on his left arm. Miller was off the field all day with a recurrence of a back injury.

Fast bowler John Lever, who shared the main burden of the attack with Ian Botham, was the chief culprit in the field, dropping the top two scorers, Geoff Howarth and wicketkeeper Jock Edwards, on the fine-leg boundary off consecutive bouncers from Botham.

Botham finished with five for 109 from 34 overs keeping the New Zealand batsmen under control. Except for a 96-run sixth-wicket partnership between Howarth and Edwards the New Zealand batsmen were never able to take command.

Surrey's Howarth batted eight-and-a-half hours for his first century in 11 Tests and reached 122. Edwards justified his recall with an attacking 55.

Boycott (six not out) and Randall (24 not out) several times complained about reflections from beercans but ignored a streaker whose naked dash was lost in the excitement of the last overs.

Reuter

Another satisfactory trial

RACING

BY DOMINIC WIGAN

MIDNIGHT COURT'S performance in Saturday's Morgan Grenfell Geoffrey Gilbey Chase at Newbury, though not spectacularly impressive, was, without doubt, thoroughly satisfactory.

Giving away weight all round, although only seven pounds to Even Dawn, Midnight Court took control of the race approaching the penultimate fence, from where it was simply a question of by how far the Uplands seven-year-old would beat Young Arthur. Pushed out, but not given anything approaching a hard race by John Francome, Midnight Court *finished* three lengths ahead of the runner-up, to whom he was conceding almost two stones.

Although some racegoers felt that the seven-year-old's effort in no way compared with Gold Cup favourite Fort Devon's when winning Kempton's Yellow Pages Chase, I would not agree.

Although it can be argued that Fort Devon did more on paper, and that Saturday's two-and-a-half mile race was not a true Gold Cup test, Midnight Court, having his first race for almost two-and-a-half months, did all asked of him by Francome.

Sure to show the benefit of his Morgan Grenfell Geoffrey Gilbey Chase run—after which he "blew" encouragingly—Midnight Court will be noticeably sharper in two weeks. Cheltenham racegoers and televiewers should see a memorable Gold Cup tussle between Winter's chaser and the five-year older Fort Devon. *The remainder seem out* of it, judged on all known recent form. Latest odds are: 5-2 Fort Devon, 100-30 Midnight Court, 8-1 Brown Lad, 10-1 Bachelors Hall and 14-1 bar.

Two likely looking winners from to-day's meetings seem to be the novice hurdler, Christmas Time, who goes for the opener at Windsor, and Fortivenno, in the first race at Leicester, who could well be at an attractive price. He is my nap.

WINDSOR

2.00—Christmas Time***
2.30—Just Spring
3.00—Herminius
3.30—Gathering Storm
4.00—Sir Waldo
4.30—Golden View

LEICESTER

1.45—Fortivenno***
2.15—Mister Fantasy
2.45—Spartan Missile
3.15—Mister Know All

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.22 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bod. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Hunter's Gold. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Ask the Family
7.15 Blake's Seven
8.10 Panorama: The Kennedy Cover-up, a report on new evidence of his death
9.00 News
9.25 Robert Redford in "Tell Them Willie Boy is Here"
11.00 To-night
11.40 Weather Regional News

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 2.18-2.38 *For Schools*. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.00-10.20 a.m. For Schools (around Scotland). 5.55-6.20 p.m. Reporting Scotland. 11.00 Public Account. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.20-6.50 Land 'N' Larder. 11.40 News and *Weather for Northern Ireland*.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
3.00 p.m. Wordpower
3.30 Children Growing Up
4.00 Parents and School
4.55 Open University
7.00 News on 2 Headlines with sub-titles
7.05 Children's Wardrobe
7.30 Newsday
8.10 Drama 2
9.00 The King's Singers' World of Music
9.50 Americans
10.40 Just a Nimmo
11.10 Open Door
11.35 Late News on 2
11.45 Tele-journal

LONDON

9.30 a.m. Schools Programmes. 12.00 Noddy. 12.10 p.m. Rainbow. 12.30 Indoor League. 1.00 News plus FT index. 1.20 Help! 1.30 About Britain. 2.00 After Noon. 2.25 "The God Boy." 3.50 Couples. 4.20 Clapperboard. 4.45 Warrior Queen. 5.15 Survival.

5.45 News
6.00 Thames at 6
6.40 Help!
6.45 Opportunity Knocks
7.15 Coronation Street
7.45 A Sharp Intake of Breath
8.00 World in Action
9.00 [illegible]
10.00 News
10.30 The Big Film: "Twelve o'clock High," starring Gregory Peck.

12.55 a.m. Close: Leonard Pearcey *reads a poem by Louis* MacNeice.

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 2.45 Family. 3.20 The Entertainers—Barbara Dickson. 5.15 University Challenge. 6.00 About Anglia. 10.30 [illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible] 6.22 Report Wales. 11.35 The Monday Film: The Quiller Memorandum" starring George Segal and Alec Guinness.

HTV Cymru/Wales: As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.45 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 2.25 [illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

247m

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

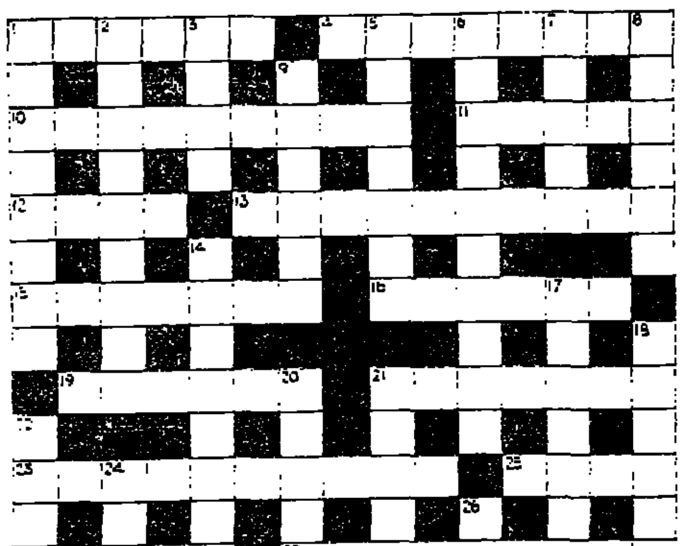
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,610



ACROSS

1 Film star includes the right to misrepresent (6)
4 This animal could make a strange raid on it (8)
10 Let the lungs possibly start a cheer to keep you off the rocks (9)
11 Although with the Gunners she is just a girl (5)
12 Ten express gratitude in a letter (4)
13 Follow the contest—it's bound to be a race (5, 5)
15 The last golf club to keep up a log (7)
16 The boyfriend is stable (6)
19 The legal profession has to catch the Borough (6)
21 Sideboard is a help to actors (7)
23 Pick-me-ups upset that musically (5, 5)
25 Be expressing thanks for the letter (4)
27 The sum means nearly everything to a small child (5)
28 There's plenty to prohibit in this place (9)
29 Boots for the artist with attractive young girls (8)
30 The general's style (6)

DOWN

1 Swift traveller (8)
2 Conservatism may be the best plan (5, 4)
3 Most of the Clergy are reluctant (4)
5 The devil does produce collisions (7)
6 Not inclined to be honest (2, 3, 5)
7 Publicity for the decoration for a brick (5)
8 Criticises the main courses severely (6)
9 Fried soles over [illegible], according to Smith minor (6)
14 Jumbo communications (5, 5)
17 Left abruptly—turned dead South (6, 3)
18 Waves unpopular as kitchenmaids (8)
20 Timoney causes disturbance (7)
21 Part of a fish in the river to determine (6)
22 The coin speaks for itself (6)
24 Observed Edward was absent (5)
26 Skirting [illegible] [illegible] to father (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Haymarket Leicester

War and Peace

Or "Highlights from *War and Peace*." This is an adaptation made by Erwin Piscator, Alfred Neumann and Guntram Prüfer, done into English by Robert David Macdonald. It follows in broad outline the civil and military career of Prince Andrei Bolkonsky and the parallel life of Pierre Bezukhov—events that involve the participation of Napoleon Bonaparte and Tsar Alexander I and attendance on the fields of Austerlitz and Borodino. You can't pack the riches of Tolstoy's novel into three hours' traffic on the stage, but this stylised version provides a coherent and gripping story and at the same time offers something ... Tolstoy's philosophy, ... something of Piscator's too. I found it enthralling.

A dinner-jacketed story-teller (Roy Macready) moves among the characters of the tale in their splendid costumes (devised by Clive Lavagna): he fills out the narrative, explains historical contexts, extracts the moral issues. The stage is divided into two areas — downstage for personal affairs, upstage, on a slightly raised platform, for the machinations of destiny.

It is upstage that you see Napoleon and Kutuzov and the Tsar; and here too you see Andrei fall at Austerlitz and again, on a detailed tactical model, at Borodino, where Pierre walks about in his white hat ("What *do* people wear on the battlefield?") as the narrator explains the battle. Downstage Andrei marries his Lisa and argues with his terrifying father; Pierre shoots Dolokhov in their ridiculous duel; Natasha Rostova falls in love with Andrei and is seduced by Kuragin; Pierre escapes execution as a partisan after the personal intervention of Napoleon, stepping down for the once from the destiny stage.

It is all done with exemplary clarity. There is nothing on the stage to begin with, but scenes are built up either by the swift efficient work of the stage staff (so a credit for the Stage Manager, Soozie Copley) or simply by imaginative attentions to the words. The old Prince's sitting-room at Bald Hills is set and struck several times: this is the most elaborate set on the downstage area, with a vast oil-painting of Russian troops in action enclosing it, a carpet swiftly unrolled over the floor, the Prince's lathe and furniture so promptly pitched that you at once believe the set has been there all the time. As for the field of Borodino, with its lines of toy French and Russian soldiers, and puffs of smoke and flame where the shells land, this is a masterpiece. The designer is Adrian Vaux.

There are few scenes allowing continuous development, and the acting leans towards sharp sketches rather than deep characterisation. But John Steiner and Malcolm Rennie as Andrei and Pierre make their personalities felt clearly and fast, Pierre especially, with more individuality to work with. Geoffrey Edwards (whose embroidered kaftans I envied beyond words) plays the tyrannous old Prince, unwillingly won over by Natasha's skill at maths. Is it Mr. Edwards or Mr. Macdonald who makes him say "between you and I"? Natasha waves her arms about too much for a well-bred young lady—even a Rostov—but Cliona Nunan is attractively girlish.

The pro-Soviet exhibition in the front of house is now replaced by an anti-Soviet exhibition. The night I went there was an anti-South African exhibition too (Athol Fugard is playing in the Studio theatre).

B. A. YOUNG

Leonard Burt

John Steiner and Cliona Nunan

Elizabeth Hall

Bournemouth Sinfonietta

... was here in a cool, well-formed and clean reading. A harpsichord banished to the edge of the platform provided doubtful continuo support.

The German conductor has evidently conferred firmness and security on the orchestra's strings. This was clear in the accompaniment to Beethoven's G major Piano Concerto, with Peter Frankl at his most muscular and sensitive; and particularly in the latter's ... after the interval, the Five Pieces for ... Quartet in the string-orchestra transcription. Much of the atmosphere of Webern's music was missing, however, because although the notes were confidently sounded (except perhaps in one or two places when intonation strayed), there was little sense of the ... character that informs each tiny movement. In a similar manner, Schubert's usually entrancing Third Symphony was well played but rather stiffly interpreted.

MAX LOPPERT

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French Institute

Tom Jones

by RONALD CRICHTON

Philidor was a chess champion as well as a composer. His book on the game came out in 1749, the same year as Fielding's novel *Tom Jones*. Fifteen years or so later, Philidor paid the novel, successful in France as in England, the compliment of turning it into a comic opera. Last week the Opera Buffa Society and the French Institute revived the work—the third occasion on which they have usefully proved that Philidor is not only a text-book figure but a prolific, thoroughly well-equipped composer whose music can still give considerable pleasure.

Needless to say, for even a full-length opéra-comique with plenty of spoken dialogue, Fielding's teeming novel had to be much reduced and a quantity of the red blood discreetly let out. The adaptation by Poinsinet and Sedaine is not, however, unbearably bland: the dialogues, given in French in this production, flow agreeably, and Squire Western at least keeps some of Fielding's robustness. As for the music, perhaps the knowledge of Handel reaped during his stay in England help to give Philidor the assurance and vigour (though they do not go to lengths unsuitable for *opéra-comique*) which are a feature of *Tom Jones*.

The tunes are fluent, charming, apt to character and situation, well-clothed in orchestration perfectly adapted to a small theatre of the kind the French Institute is lucky enough to possess. There is a spirited overture and a full orchestral introduction to the last act. Sophia, among other good things, has a full-scale last-act aria with a fine accompanied recitative; Tom has a plaintively amorous aria in the second act and an anxious one in the third. The duet for the angry Western and rebellious Sophia is praised and quoted in Michael F. Robinson's *Opera before Mozart*; there are, in addition, an unaccompanied drinking quartet for male voices, which came off splendidly on Friday, and a remarkable septet-finale to conclude Act 2.

Best of all is the music for Western, especially the hunting-aria with uproarious horns which bring a blast of genuine country air. Emile Belcourt, raucous but racy, gave the Squire a larger-than-life, endearing performance. Tom was sung by a presentable young French tenor, Léonard Pezzino, sweet and true in his solos, though the text hardly allowed him to make the role seem more than a conventional, love-lorn hero. Veronica Dietschy, a French soprano studying in London, brought a voice of gentle, grave colour to Sophia. As her companion Mrs. Honour, Sally Bradshaw's lively, bright tone and sparkling dialogue were as French as anyone's. Lesser roles, including the four merry topers, were competently taken.

Hugh Vickers produced (and played the spoken role of Dowling)—the scene in the inn where Sophia and Mrs. Honour are bothered by the drunks was unskilfully handled, but the rest went smoothly, with enough of 18th century airs and graces to suggest the period. Amyas Martelli's sets were determinedly and not unpleasingly traditional. Nicholas McGegan conducted; the playing of the Opera Buffa Ensemble was willing if not invariably polished. Festival planners with small theatres for which they need modest but not dull operatic fare should watch the revival of French opéra-comique. Even in the country of origin, not always in the van of such movements, there are signs of awakening: Albi Festival announces Philidor's *Les Femmes vengées* for the coming summer.

Festival Hall

Britten's War Requiem

by ARTHUR JACOBS

A record company bold enough to challenge Britten's own Decca recording of his *War Requiem* might well have offered the baton to Sir David Willcocks, whose powerful performance in Westminster Cathedral I noted in these columns three months ago. Instead, EMI's choice has fallen on Louis Fremaux, the French conductor of the City of Birmingham Symphony Orchestra and the founder of its keen amateur chorus of some 150 voices.

Conductor, orchestra and chorus (with the Midland Boy Singers) displayed their interpretation on Friday evening in what I can only suppose was an approximation of, or rehearsal for, what Mr. Fremaux hopes to achieve. Some ragged entries and dull choral tone marred the performance, the sopranos sounding glum and the boys sometimes hoarse. Rhythms were not as sharp as they should be, and Mr. Fremaux himself failed to realise the driving strength of one particular figure in the opening movement. Up to the work's major climax, towards the end, I found a want of contrast and contour.

Early performances of the *War Requiem* employed two conductors, so that the chamber orchestra might make its effect as a separate unit from the main orchestra. If Mr. Fremaux prefers to direct both groups, well and good. But to seat the chamber orchestra in semi-circular formation round him, as though its players were almost "first desks" of the larger force, was to deprive the ear of a proper directional dimension in the music.

Who are to be the soloists on the recording is not, I understand, yet decided. But Brian Rayner Cook could not have written himself a more eloquent testimonial in applying for the baritone role. In projecting not merely Britten's notes but the words and meaning of Wilfred Owen's powerful (and still topical) verse, he sang nobly and with a sheer strength which perhaps not even John Shirley-Quirk could match, particularly in the higher notes.

Kenneth Bowen in the companion-role did not attempt the declamatory style, the attack on the individually significant word, so memorably associated with Peter Pears. Instead a smoother but sensitive interpretation had its own persuasive power. Rich-voiced, Lorna Haywood permitted herself a little too much operatic punch for the ecclesiastical Latin text (meant, after all, to be detached from Owen's vernacular). In the "Lacrimosa" she sometimes hung on too long to the final note of a phrase.

As to the work itself, the counterpointing of texts, languages and ideas seems in purely musical terms to be as valid and satisfying as it originally did in 1962. It is surely curious that Britten should have left in a few word-repetitions ("if anything might rouse him, rouse him now") which disrupt the sense as well as the line.

St. Marylebone Parish Church

Tallis Festival Series

by RONALD CRICHTON

The group known as the Tallis Scholars, under their director Peter Phillips, embarked on Saturday night on a Festival Series of four concerts of the master's music. That Tallis is one of our masters there can be no doubt. He is not perhaps in the very front rank with Byrd; he did not have Byrd's universality, his gift for speaking to another age as promptly as Mozart or Brahms. But he had immense craft, seriousness, and a versatility equal to the demands of his time—he wrote for Henry VIII, Mary Tudor, and for Elizabeth I, with all the political changes and liturgical adjustments that implies.

The series, carefully planned, is supported by an excellent brochure, full of information, with useful notes and definitions by Paul Doe. When so much is given, perhaps it is mean to complain that words should have been included—they wouldn't need very much room. Or is this policy? Mr. Phillips's suggestions for listening include the phrase "indeed as often as not the words are not important."

The Tallis Scholars consist of 20 singers of whom 12 were used for this concert: they included a high soprano who rose easily to the demands of the high pitches employed, and a most musical and hard-worked tenor. But it was not the kind of occasion where individuals require to be singled out. Balance was good in spite of (or because of?) a preponderance of low voices. The vibrato-less tone was clear and agreeable, without the twanging quality sought by some early music performers.

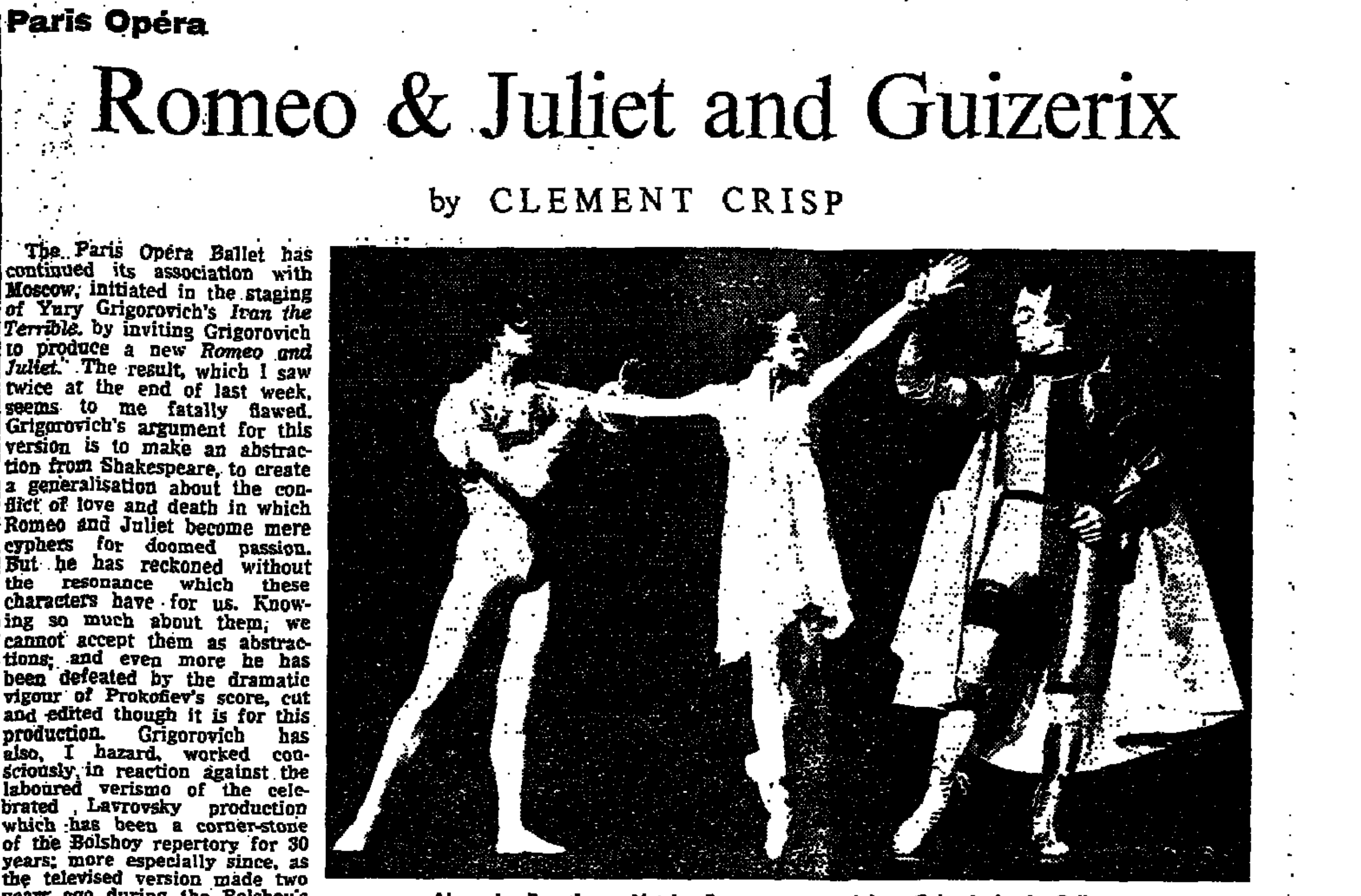
Mr. Phillips has a curious way of conducting, not up and down so much as from side to side. This motion sometimes leads to mechanical rhythm, as in the lengthy antiphon "Gaude gloriosa." In more involving works like the lovely Lamentations (Part One), one soon ceased to notice. The English-language music included the hymn-tune on which Vaughan Williams founded his Fantasia.

There was a fair audience, but unaccompanied vocal music is still a longish way from capturing the public imagination as strongly as instrumental early music. The converted or curious should note the remaining dates: Saturdays March 18 (Little Oratory, Brompton Road), April 15 (Marylebone again), April 29 (St. John's, Smith Square).

Paris Opéra

Romeo & Juliet and Guizerix

by CLEMENT CRISP



Alexander Bogatiryov, Natalya Bessmertnova and Jean Guizerix in the Ball scene

The Paris Opéra Ballet has continued its association with Moscow, initiated in the staging of Yury Grigorovich's *Ivan the Terrible*, by inviting Grigorovich to produce a new *Romeo and Juliet*. The result, which I saw twice at the end of last week, seems to me fatally flawed. Grigorovich's argument for this version is to make an abstraction from Shakespeare, to create a generalisation about the conflict of love and death in which Romeo and Juliet become mere cyphers for doomed passion. But he has reckoned without the resonance which these characters have for us. Knowing so much about them, we cannot accept them as abstractions; and even more he has been defeated by the dramatic vigour of Prokofiev's score, cut and edited though it is for this production. Grigorovich has also, I hazard, worked consciously in reaction against the laboured verismo of the celebrated Lavrovsky production which has been a corner-stone of the Bolshoy repertory for 30 years; more especially since, as the televised version made two years ago during the Bolshoy's bicentennial celebration revealed, the Lavrovsky staging is cluttered with mime and dramatic posturing which now make little imaginative sense.

So, with the score trimmed to two acts of just under an hour each, Grigorovich has pared away Verona, literalism, local colour. He is given positive help in this by Simon Virsaladze's setting which (like this same designer's work for *Ivan*) seems Craig-inspired: on an ink-black stage there are nothing more than chalky brush-strokes to suggest columns and arches, soaring upwards. The effect is grand, stimulating—like the ventiginous world of James Pryde, or the expressive gloom of Arnold Böcklin.

This approach might have made more sense had it not been for the dreadful predictability of the choreographic language, which I can best qualify as basic Soviet. I could not help feeling the enterprise was doomed when the first characters to appear were a group of prancing carnival revellers, nine of whom scuttle through the staging like emissaries from Philistia with that peculiarly tiresome scampering trot which combines roguishness with undammable energy. Grigorovich frames the action within the context of a carnival—there are cohorts of Veronese fun-people armed with tambourines—albeit the emergence of the family feud, the street fights and duels from this background is admirably controlled.

Virsaladze's simplicity of set is not matched in his costumes, which are flimsy (Juliet wears a series of well-above-the-knee nightdresses) and much given to parti-coloured tights. For reasons hard to fathom the nobility sport cloaks ridged and serrated at the back like lizards' spines; Juliet's nurse enteres on point, brandishing an ostrich-feather fan; Lady Capulet is clearly on her way to a gala at the Folies-Bergère. Given the generalised terms of the dramatic action it is not surprising, then, that the Opéra dancers' performances are in the main mere posturing.

The first cast Romeo and Juliet were distinguished *étoiles* of the company: Michael Denard and Dominique Khalfouni. Khalfouni is elegant, technically easy, utterly unconvincing; Denard is a handsome profile and a handsome pair of legs. Worse still the performance of Georges Piletta as Mercutio, which epitomises everything I find unappealing about the Opéra style: the constant awareness of the audience; a triumphant air as each difficulty is rattled off. (In fairness to Piletta I should note that the part relies heavily upon those winsome caperings we associate with the satyrs in the Bolshoy's *Walpurgisnacht*, than which there is little more dispiriting).

One interpretation with this first cast made sense: that of Jean Guizerix as Tybalt. An artist of tremendous gifts, Guizerix has an intensely focussed personality, complete dramatic authority, and a bravura technique that boasts huge power and big, space-greedy leaps. He conveys total identification with his role: like Crassus in *Spartacus*.

Tybalt has a characteristic leaping step, and Guizerix (a great dancer if I have ever seen one) gives a performance having the force and emotional drive that we associate with the Bolshoy's own stars. Seen with two Bolshoy guests—Natalya Bessmertnova and Alexander Bogatiryov—who are second cast, this *Romeo* made more sense, and the scenes between Bessmertnova, Bogatiryov and Guizerix had a radiance of spirit and of drama.

I have never known Bessmertnova better than as Juliet. Everything about her style—its youthfulness, its dragon-fly lightness and delicacy (which can seem constrained in certain classic roles), its completeness in mastery (an exquisite *bourrée*; beautiful pirouettes), and its consistent, warm muscular tone—suits the heroine. She finds in her lustrous dancing, and in resources of dramatic skill that I have never seen before, a justification for Grigorovich's view of the ballet. Because of Bessmertnova and Guizerix, and rather less because of the sincere but more conventional Bogatiryov, the ballet acquires a heart as well as a point of view.

On physical terms Bogatiryov makes a fascinating complement to Bessmertnova. He is long-limbed; his style is good (I love the way Bolshoy men are discreet about bravura steps: a brilliant entrechat, a dizzying pirouette, are offered without the least fuss as part of the choreographic text), and despite mannerisms of the head, which seems too ecstatic when he runs, he is an appealing romantic jeune premier, as we saw in London a few years ago. He cannot yet match Bessmartnova's lyric enthusiasm, but like her, he believes in his role, and he makes us believe too.

As ever, Grigorovich shows that he is a master of large effects. The fight scenes are excellent; the placing of the action on the expanse of the Opera stage is skilled; Juliet's funeral procession, the Capulet ball—all these are highly imaginative. But the presentation of the lovers is choreographically prosaic, despite the ardent advocacy of Bessmartnova, and if Shakespeare's poetry is lost, then all is lost.

Royal Ballet in Liverpool, Far East and U.S.

The Royal Ballet will give nine performances at the Royal Opera House before appearing at the Empire Theatre, Liverpool, from April 25-29, followed by a six-week tour of the Far East and America.

The Royal Ballet returns to Covent Garden on July 17 in a triple-bill consisting of *Serenade*, *The Firebird* and *The Concert*. The repertory until the end of the season also includes a revival of *Anastasia*.

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Nuclear power management

THE GOVERNMENT is expected to announce to-day the conclusions of the Windscale Inquiry last summer into the plans of British Nuclear Fuels to build a new reprocessing plant for spent nuclear fuel. If, as has already been reported, Mr. Justice Parker's report is strongly in favour of the new plant, the Government should have no cause for further hesitation in approving the plan. Such a decision, taken together with the recent announcement of orders to be placed for new nuclear power stations, will put Britain's new nuclear industry firmly on the road to recovery after a long period of malaise throughout the 1970s.

But another problem has appeared which could jeopardise some, even all, of these plans. This is the question of the management of the reactor design and construction industry. The present three-tier structure, devised in 1972-73 at a time when electricity demand forecasts were suggesting the need to order two or three new nuclear stations a year in Britain, has proved unsatisfactory for the post-OPEC era.

Nobody satisfied

The National Nuclear Corporation, as at present constituted, appears to be satisfying no one. It does not satisfy its customers, the electrical utilities; they complain that its executive arm, the Nuclear Power Company, with which they are dealing must refer all decisions to the parent NNC Board and to the supervisory management exercised by GEC. It does not satisfy GEC, 30 per cent. shareholder, which finds both its management style and its preference for one particular reactor resented by some other shareholders. And for this reason, too, it does not satisfy the other shareholders.

Lord Aldington, chairman of the NNC and deputy chairman of GEC, has been canvassing views on a new form of management to replace the complex three-tier structure. The electricity supply industry is applying pressure for a quick solution, within weeks rather than months, by drafting its design-phase contracts for new nuclear stations in a way that virtually dictates a more straightforward customer-contractor relationship.

The central problem of the company is to manage what by any standards must be counted the biggest and most complex engineering projects that Britain is undertaking. For that very reason there appears to be a good case for retaining a substantial shareholding by GEC, as one of the most experienced companies in the U.K. in the management of major projects.

When the present management was installed three years ago a major part of the job was seen as starting high-technology projects, based on a new commercial reactor (the "steamer") but concentrating on the reactor itself while the customer managed the rest of the project. In fact, the emphasis has been on designing "paper reactors," conducting appraisals of the rival merits of competing reactors, and—most demoralising of all — struggling to complete nuclear stations already long overdue, deep both in technical troubles and in the industrial problems that seem to afflict all major construction projects in Britain to-day. Moreover, an understandable reluctance to do anything that might further delay these stations has kept his company divided into its two constituent groups (based on the old consortia) each with its own distinctly different management style.

Large projects

To-day the job of the company and its chief executive can be perceived in different terms. The NNC will probably undertake complete projects, in collaboration with the customers. It will lay the foundations for the day, perhaps a decade delayed, when Britain will be ordering two or three nuclear stations a year. The overriding problem will be less the technical complexities of the two nuclear systems to be undertaken than the organisation and management of a great diversity of skills on-site to tight schedules for time and cost. The primary need seems to be for experience and ability in driving large construction projects along to completion. Whatever changes are made in the pattern of shareholdings, a unified management team capable of handling these projects is essential if a viable nuclear industry is to be established.

Impasse over air fares

THE LATEST attempt by U.S. and U.K. government officials to hammer out an agreement to govern transatlantic air fares between the two countries from April 1 begins in Washington to-day at a time when the positions of the two governments seem to be further apart than ever. They may both see lower fares as an objective but their views as to timing could not be more different.

Cautious

Reflecting the priority given to cheap fares and competition in President Carter's new international aviation policy, the U.S. wants to sanction low-cost fares, similar to those introduced on the London-New York route last autumn by Laker Airways' Skytrain and by British Airways, Pan American, and Trans World Airlines, on routes to a wide range of other U.S. cities in time for the main transatlantic travel season this summer.

The British Government's approach is much more cautious and in this it has the support of other European governments. They believe that too rapid a move towards cheaper fares would only worsen the financial position of Europe's scheduled airlines, many of whom are already having to be supported by their governments. They would prefer to see the present situation maintained until the end of the summer, when a full year's experience of the new low fare services should make it possible to assess whether they are tapping a genuinely new market for cheaper travel, as Mr. Freddie Laker would argue, or whether they are merely diverting traffic from existing scheduled and charter services.

Mr. Laker himself is in no doubt as to the market he is tapping and is pressing ahead with his bid for a Skytrain service between London and Los Angeles. The U.K. authorities have yet to show their hand on this application—the public hearing takes place later this month—but they turned down applications from Pan Am and TWA for low fare services to eight U.S. cities and gave permission to Braniff International to start a new service between London and Dallas and Fort Worth only on the condition that the airline charged higher fares than it had proposed. The U.S. Civil Aeronautics Board vetoed this counter-proposal and so stalled the new service shortly before it was due to start last week. It was this impasse that prompted the chairman of the U.S. Senate aviation committee to suggest that if the British attitude does not change the U.S. should give the one year's notice necessary to renounce the Bermuda agreement. It also led to a CAB recommendation for retaliatory action against the new British Caledonian service between London and Houston.

It would obviously be best if both sides were able to hammer out some kind of compromise. The British Government may not like the idea of more competition for British Airways—witness its opposition to the Skytrain concept until the Court of Appeal told it last year that it had no legal right to withdraw Laker Airways' licence. But the U.S. airlines are convinced that too much was conceded in the reallocation of routes during the Bermuda 2 negotiations last summer. They see the introduction of cheaper fares to cities other than New York as a way of attracting traffic and recouping some of the ground they lost then.

Breakdown

Moreover, an agreement would both fill the gap left by the failure of the IATA airlines to agree on a new fares structure after April 1, and tide the situation over until the five-man commission set up by IATA to review the whole process by which international air fares are decided has reported. It should then be possible to judge whether the system which has operated since the end of the last war, whereby air fares are negotiated in the first instance by the airlines themselves, is likely to continue or whether the cartel has finally broken down. In either event the last word on fares, as on routes, would remain with the governments.

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DR. HELMUT KOHL: '... has privately told friends (in so many words) that 1978 is the year he ceases to be trodden on by the CSU's Strauss'

FRANZ JOSEPH STRAUSS: '... has constantly toyed with the idea of increasing his hold through formation of a fourth, country-wide party'

Bonn's coalition: the strains begin to tell

BY JONATHAN CARR

THIS YEAR could very well decide the fate of the West German coalition Government—an alliance burdened by internal divisions and a small, uncertain parliamentary majority.

But that is a long way from saying that the stability of the country itself is in danger. On the contrary, there are grounds for more optimism than seemed possible last year, for West German society is proving more shock-absorbent than many feared.

It would be hard indeed not to perceive new strains and a greater coolness between the Government partners, the Social Democrats (SPD) and the liberal Free Democrats (FDP). Of course the fervour of the alliance in the early 1970s has long since gone, partly through leadership changes, partly through economic recession, and partly through the very duration of a coalition which, after all, has now lasted nearly nine years.

But more than ever, the FDP is forced to consider whether attachment to the SPD now constitutes a threat to its existence. Within the Bundestag (the lower house) a small group of SPD rebels has endangered the coalition's slim majority of 10 and may well do so again before long. The latest example was the vote last month on measures to counter terrorism. They slipped through with a majority of one.

Unpleasant but essential

The next problem could well come with the proposed plan to put the financing of the country's pensions insurance in order. The Government Parties' parliamentary groups have approved the measures, which will mean that pensions will rise less fast over the next few years than in the last few. But that does not mean a parliamentary majority is assured. The FDP pointedly notes that once it has firmly set itself behind steps it considers unpleasant but essential, such as the lowered growth rate for pensions, it expects solidarity from its partner.

The German Government has not accustomed itself, like the British one, to the spectacle of parliamentary defeats from which wider consequences need not be drawn. It has had no need to. If it came to such a defeat in Bonn, then the coalition would be in real danger.

The FDP has managed to manoeuvre itself with great finesse into a position where its loyalty to the coalition can hardly be questioned, but where the gulf between it and the ills of the SPD is abundantly clear. This was most apparent during the major Cabinet reshuffle carried out by Chancellor Helmut Schmidt last month. Ideally, he would have preferred to act rather later. But the moves were forced on him by the plight of the Defence Minister, Herr Georg Leber, whose latter period of office had been dogged by a series of scandals and apparent mismanagement. Herr Schmidt also took the opportunity to release the Development Aid Minister, Frau Marie Schlei, whose term of hardly more than a year had also proved an unhappy one. In all, four new Ministers were appointed and two existing ones moved—and the FDP was not involved in any of it. The Liberals put on an impressive show of regret at the plight of the senior coalition partner, followed by praise for Herr Schmidt's prompt action and expressions of conviction that the new team would prove even better than the old. The impact of all this will hardly be lost on the electorate.

Herr Schmidt's role at present could best be compared to that of a captain deftly swinging the ship's wheel to avoid obstacles, while part of the crew mutinies in the engine room and some of the officers consider taking to the lifeboats.

Abroad he is (still) involved in an argument with the Americans on West Germany's economic growth possibilities, and is under particularly intense pressure from the Russians not to accept deployment of the neutron bomb. Prospects for increased co-operation with France have been slim in the run-up to the general elections there—and may be slimmer afterwards. As for Britain, Herr Schmidt has contrived to hold the line in Cabinet against Ministers baying wth anger over a series of problems from the EEC decision to locate the JET nuclear fusion project in England, not Germany (considered, perhaps rashly, to have been solved for good), and fish. At home, he has been going to great lengths to persuade both unions and management to show moderation in the current, peculiarly tough, wage round.

Herr Schmidt appears to be able to take this more or less in his stride. What he cannot do is force into line a small group of parliamentarians in his own party determined to go their own way. And with the best will in the world, he cannot prevent his coalition partner manoeuvring itself into a credible position to jump ship.

Last year, it still seemed quite unlikely that the FDP had anywhere satisfactory to jump to. The opposition Christian Democrats (CDU) and their Bavarian allies, the Christian Social Union (CSU) remained at loggerheads.

While the CDU leader, Dr. Helmut Kohl, was putting on an ineffective performance in the Bundestag which hardly helped his strategy designed to lure the FDP away from the SPD, the CSU chairman, Herr Franz Josef Strauss, was his usual ebullient and eloquent self, advocating a policy of total opposition to both government parties. Herr Strauss has hardly made a secret of his belief that he is the more effective leader, and has constantly toyed with the idea of increasing his hold through formation of a fourth, country-wide party.

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Dr. Kohl's new edge

This year has seen a marked change. Dr. Kohl, having privately told friends (in so many words), that 1978 is the year in which he ceases to be trodden on by Herr Strauss, has turned in some greatly improved parliamentary performances. Once chiefly seen as an honest, apparently jovial but somewhat dull figure, he has gained a cutting edge in debate which has served him well.

Further, his strategy of the outstretched hand to the FDP has gained some powerful recruits. Even Herr Strauss appears to be veering towards it.

Much now depends on the outcome of the four Laender (provincial state) elections this year. In June, an SPD-FDP coalition will be trying to maintain power in Hamburg while a CDU-FDP coalition (working relatively well) will be seeking a further term in Lower Saxony. In October, Herr Strauss's CSU seems bound to waltz away with victory in the Bavarian elections. But the big trial, in the same month, will be in the state of Hesse, once a Social Democrat stronghold, now also ruled by a SPD-FDP coalition. Herr Alfred Dregger, the CDU leader in Hesse and seen as well to the Right of his party, has already offered the FDP the prospect of coalition. The FDP has not said no. If the FDP could ally with him, then it could do so with almost anyone in the CDU-CSU without trouble.

Should it come to a CDU-FDP coalition in Hesse, then the Bonn Government would be in dire peril. The opposition (together with the FDP) would have a two-thirds majority in the Bundesrat, the federal upper house, and Government legislation could well be blocked altogether. It is hard enough for the Government to get measures through both houses as things stand now.

It might seem fair to assume that this political uncertainty must be feeding back into the country and increasing existing anxieties. After all, the problem of terrorism has hardly been solved even though there has been no very recent evidence of it. There are still more than 1m. unemployed and the figure is quite likely to be higher this year than it was last. This might seem to be a perfect recipe for a general increase in "angst" and demands for extreme solutions.

Yet almost the opposite seem to be true. It would be wrong to suggest a hard and fast judgment can be made. But it looks as though out of a series of trials the Germans have gained a strength born of recognition that they have, after all, lived to tell the tale.

Last year Parliament and country went through a particularly bad period on the terrorism issue. It was not simply that three leading public figures were murdered. It was also that Parliament appeared too ready to rush through a law aimed at preventing collaboration between jailed terrorists and those outside but so widely drawn as to be open to misuse. There was a danger that this step might have been followed by a burst of legislation, fundamentally well intentioned, but open to perfectionist interpretation by over-zealous officialdom.

It would be foolish to claim that this could never happen. But with the worst will in the world, it cannot be said that the new anti-terrorism measures, lengthily pondered and altered in parliamentary committee, then passed after a vigorous debate in the Bundestag with a majority of one, are a sign that the country is on a repressive course.

If there is a criticism of some substance, and it is one the CDU-CSU has made, it is that a mountain of discussion has brought forth a legislative mouse. The CDU-CSU demand tougher steps, pointing to the results of a recent poll showing that a big majority of West Germans would accept a limitation of personal rights to help the fight against terrorism.

Yet the same poll also shows that this majority has fallen since a similar survey in 1975—that is, before the most shocking terrorist acts occurred here.

It does seem that despite a series of grave tests, the German public has actually become a little more circumspect than before about giving authority more wide-ranging powers.

The economic background is not especially encouraging. It is hard to assess what economic situation would be described by the Germans wholeheartedly as good. And clearly no government can simply remain complacent in the face of a high jobless total. But the unemployment in Germany is really not the stuff of which revolutions are made. Roughly 60 per cent. of the unemployed are out of a job for less than six months and rather more than another 20 per cent. for between six months and a year. Throughout that period they receive unemployment benefit totalling 68 per cent. of former net income—after which, admittedly, the benefit drops and is subject to a means test.

The particular problem arising from to-day's unemployment is not the catastrophic one of serious unrest and extremism often forecast in the immediate wake of the oil crisis. It is rather how to convince those with work that the deductions in their pay on behalf of the jobless are fully justified and might even have to be increased.

It has been an enormous social advantage that many unfortunate enough to lose work can live reasonably well until they find new jobs. But there are also signs of growing resentment among those in work at abuses of the system — for example, at people choosing to live on benefit for a while and perhaps doing a little untaxed "black" labour on the side.

Tough wages bargaining

It is a situation in which trades union members are paying rather less attention to the plight of the jobless; rather more to pressing their leaders to hold out for a biggish wage increase. After all, it is argued, if the unemployed can live for the most part well enough, should not those in work be able to do demonstrably better?

This seems to be one of the new pressures contributing to the toughness of this year's wage bargaining. It is certainly not an attitude susceptible to the employers' argument that higher wage costs will bring more jobless. But nor is it a sign of drift towards extremism and anarchy.

If West Germany is really heading in the direction of a conservative-liberal government rather than a Social Democrat-liberal one, it is doing so with what seems like the normal democratic strains. And for that, of course, the present government and its Chancellor must take a fair share of the credit.

MEN AND MATTERS

Hattersley and the heavy mob

BEFORE Roy Hattersley or John Fraser rise in the Commons to-day to answer questions on Britain's debt-collection agencies, they might perhaps ruminate on whether the profession—a growth area these days—has really become as pure as the driven snow. The figures may give this impression. More than 9,000 licences have been granted to such agencies since the Consumer Credit Act of 1974 made this necessary. More interesting still, no licences have ever been refused — which makes somewhat ingenuous last month's Commons statement by Fraser that there had "been no appeals against the refusal of licences."

All that may sound impressive for a field of activity whose fringe operators once included the Kray Brothers; and some agencies still use a measure of humanity when the familiar "blue frightener" — a mailed document that mimics a County Court summons — has done no good. But many debt-collectors show gusto in turning to the "night knock" on the door; the dawn call by telephone; the "parcel dodge" (serving a summons by pretending to be a parcel company); a furniture van appearing, as if to repossess; and broadcasting a debtor's unpaid milk-bill to the whole street.

The Office of Fair Trading, which issues the licences, admits that there are "strong-arm boys" in the business, using "terrible practices." But it suggests that those who know they will be refused a licence either do not apply—or change the name of their business.

If Hattersley could ensure that the Fair Trading office had enough staff to keep a proper check on what is happening, the bully-boys might be reined in. In the whole credit field, a further 50,000 licences are expected to be granted by 1979; there are only 50 clerical staff. After all, it is sometimes hard to deny admiration for the most skilled operators in what is essentially a distasteful occupation. One renowned collector followed his quarry—a hardened evader—down to Ascot, had his name called over the loudspeaker, and served his summons at the entrance to the Royal Enclosure.

Hard cheese

Those seeking a financial haven in this tempestuous world are facing a problem or two in Switzerland. There, last week, the authorities extended the net of negative interest, so that even central banks have to pay the biting 10 per cent. per quarter charge on deposits. Then for a day or so it seemed that the Latin Americans and French businessmen, fearing the worst in their home countries—and the sheikhs with their petro-dollars—had discovered a convenient loophole: the Swiss Post Office giro. But that also is proving no port in the storm, since the SPO publishes weekly the names of all new accounts. Central banks presumably do not fear their local tax authorities, so they might not mind having their names published. But the SPO is one step ahead of them as well: it warns that if the sums deposited are such as to abuse this facility, then negative interest will be extended to the giro. Pity: I would like to have seen Gordon Richardson queuing at the counter clutching the Bank of England's Swiss Post Office savings book.

"Do you ever have one of those days when you don't feel like committing a crime a minute?"

Teeing high

Boots and Coots with their 2,000 golf balls are having a hot and bothersome time out in the Gulf. An exploratory gas well south of Bushire has been blowing out of control for more than three weeks: nothing seems to stop it, despite all the desperate innovations by Boots and Coots—a two-man breakaway from the famous Red Adair trouble-shooting team.

The golf balls have been flown down by special plane from the exclusive Imperial Country Club in Tehran. Boots and Coots have been shooting them, plus pieces of string, into the well at high pressure. So far, the blow-out has cost upwards of \$2.5m. (not to mention the fees for the troubled troubleshooters). The fees are undisclosed, but the Norwegian firm Scandrilling, who brought them in on behalf of OSCO, the 14-member western consortium of oil companies in Iran, only says grimly: "They are bloody expensive."

Just joking

Economists, whatever other great qualities they may have, are not particularly famed for their sense of humour. They may find each other's theories amusing or even ridiculous, but no one has ever died of laughing about marginal costs, flexible exchange rates, or balance of payments deficits.

So it was a pleasant surprise when the Association for the Promotion of Humour in International Affairs (APHIA) awarded its "Nobel Prize" for 1978 to Professor J. K. Galbraith, the American economist, social philosopher and TV star.

Galbraith was presented with a useful bust of himself at a lunch in Paris (much better than the original according to one of APHIA's founders). In reply, he complained of suffering socially from the recent pressure on the dollar. "At one time, friends used to come to my flat to ask me what was going to happen to the dollar," he said. "They no longer come, because it has happened."

Nor, by all accounts, was his career as U.S. Ambassador in India all a bed of roses. Dean Rusk, former Secretary of State, once sent him a telegram saying: "All your recommendations of recent date, insofar as they have any merit at all, have already been considered and rejected."

APHIA awarded its two previous "Nobel Prizes" to Professor C. Northcote Parkinson (of Parkinson's Law fame) and Art Buchwald, the former American humorist. It was founded five years ago in London by two American international lawyers and a recently-retired Deputy-Director of UNESCO, who describe themselves as "ordinarily quite serious."

Observer

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FINANCIAL TIMES SURVEY

Monday March 6 1978

Quebec

The survival in the English-speaking Canada of the Empire Loyalists of a French enclave in the Province of Quebec has long been recognised as one of history's more intriguing quirks. Now this deracine French community is seeking to reassert itself.

Cla[illegible]m to sta[illegible]d alo[illegible]e

By W. L. Lu[illegible]kens

THE LADY w[illegible] comely, successful, French [illegible]nadian, completely at ease [illegible] an English-Canadian mil[illegible] Someone cracked a joke [illegible]at the Plains of Abraham [illegible]ere in 1760 French power in [illegible]orth America collapsed befo[illegible] the muskets of the English [illegible]coats. She [illegible]ned. "Ho[illegible]ould he talk [illegible]hat to [illegible]—us, a con[illegible] people," [illegible]e reminisced [illegible]orning, [illegible] shocked by [illegible]ck of tact.

That may see[illegible]ypersensitive more than 200 [illegible]rs after the event. But if [illegible]glish Canada cannot make i[illegible] understand it, the restruct[illegible]g of Canada which almost e[illegible]one involved admits to beco[illegible]g will end in quarrels and [illegible]sions deeper and more bitter [illegible]an are necessary. Few Fr[illegible]h Canadians believe that th[illegible] as a group have achieved [illegible]at equality which, in the 20[illegible] century must be their due. Th[illegible]gh Quebecois politicians cont[illegible] the politics of Quebec, homeland of the French-Canadian community; though Mr. Pierre Elliott Trudeau, the federal Prime Minister, is himself a representative of "French power" in Ottawa, the French still feel deprived.

In spite of striking exceptions like Mr. Paul Desmarais' Power Corporation, most of the financial and industrial world in Quebec is run by English speakers. The history of Quebec in the past 20 years has been the history of a struggle with undeniable but only partial success to change that.

The first phase, in the 1960s, was the so-called quiet revolution. The Quebecois made their bid to equal other North Americans in management and technology. It was the period when, still a Liberal, Mr. Rene Levesque, now the Parti Quebecois premier of the province, carried out the provincial takeover of the electricity supply industry. Hydro Quebec, the provincial utility then set up, has always been run as a Quebecois French concern and has won full marks on Wall Street for its performance.

Collapse

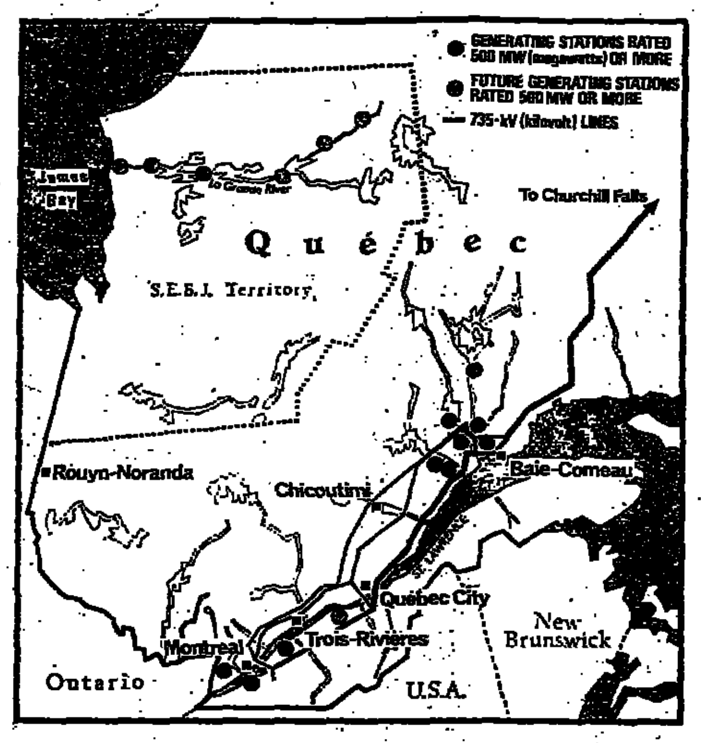
Above all the quiet revolution was the collapse, almost overnight, of the all-pervading influence in Quebec of the Catholic church. Ever since the conquest it had been the rallying point of the French community: traditionalist, isolationist, and rich. Huge, but almost empty monasteries, nunneries, and seminaries bear witness to that, their architectural style on eclectic caricature of a once clerical Europe.

Within a very few years an almost fossilised institution became one of the most adventurous branches of the Catholic church. It may be controversial — but its very controversiality shows how profound has been the change.

Secular education came to be seen as the road to power. The machinery of Quebec government has always been in Quebecois hands, but now its bureaucracy has swelled as floods of young people came from the universities. And since economic power was in other hands, they began to use the State machinery to break that hold. That helps to explain why the Government of Mr. Levesque follows interventionist industrial policies of a kind which most other North Americans shrug off as "socialistic."

The struggle to become an up-to-date French community—rather than a piece of folklore singing songs handed down for generations — led to language legislation being passed, the last and most stringent example being the celebrated Charter of the French Language, or Bill 101, sponsored by Mr. Levesque's Minister of State for Cultural Development, Mr. Camille Laurin. Its details and implications are discussed elsewhere in this survey: we must note here that most of its supporters—and all of its opponents—see it as an attempt to conquer the commanding heights of the Quebec economy for French speakers.

For decades the financial and commercial headquarters established in Montreal have been moving westwards, mainly to Toronto for reasons that had to do more with shifts of the centre of gravity of North America than with Quebecois quarrels. But the advent of the Parti Quebecois Government on November 15, 1976, albeit on a programme which played down the party's separatism, accelerated the process. A combination of French and "socialism" was just too much for the establishment.



It is easy to mock its reluctance and at times even inability to learn French, the language of 80 per cent. of the province. In a North American context it is a problematical enterprise to decree that French will be spoken—especially since the regulations to be applied to trans-Canadian and other non Quebecois companies are still not published. The times are long past when, as it used to be said, a Quebecois could not buy a cigar in a downtown Montreal hotel unless he spoke English. The issue now is what is spoken at the top—and who gets there.

The exodus of the English companies may yet cost Quebec dear. The PQ Government's ambitious plans for modernising industry will depend to no small extent on foreign finance. And though Quebec (or rather Quebec Hydro which does most of the foreign borrowing) has retained access to world markets, it has preferred not to try a flotation (as opposed to placements) in New York for fear of having to concede interest rates which would draw attention to the doubts of the financiers.

Hydro Quebec, the spearhead of French management in the 1960s, is to be the spearhead of the drive for new industries. In an age when energy has become expensive Quebec's abundant hydro-electric resources are seen as a trump card—and incidentally, a bait for the financiers. But the transformation of an economy heavily tilted towards crisis-prone traditional consumer goods would require much effort at the best of times. In the present state of the world economy the task is daunting. There are assets: hydro-electric power, an aluminium industry in a world that wants lighter vehicles to save petrol, and a skilled work force. But there are liabilities: the foreign exchange problems of Canada, which do not bypass Quebec; and all the uncertainty aroused by the Quebec Government's intention to secure sovereignty even though in association with Canada.

As shown elsewhere in this survey, that option does not command majority support in Quebec—not even majority support among the 80 per cent. French speakers.

Having put through its language bill last year, the PQ Government seems determined this year to give pride of place to the economy. There is little room for an independent Quebec economic policy within confederation, but yet there does seem to be some evidence that economic doubts, connected among other things with the exodus and an unemployment ratio of more than 11 per cent., have reflected upon the popularity of the PQ.

A period of consolidation may therefore be due before the campaign, probably late in 1979, for the referendum on Quebec's future relationship with Canada. Nobody at present knows which choices will be placed before the electorate. It is unlikely to be for or against independence without qualifications. Since the mainstream of Quebecois opinion, within and without the governing party, is in favour of more power for the Quebecois and keeping the federal government at arm's length, the government has many possible variations. Moreover, if the referendum is lost and provided the PQ is returned at the next election, it can always come back with another question.

United

The federalists who have begun marshalling their forces for the referendum are also almost united in wishing to reduce the influence Ottawa exerts over Quebec affairs. Even Mr. Trudeau, the staunchest of federalists, accepts that.

He is prepared to increase provincial powers, which specifically means those of Quebec; he is striving for a constitutional guarantee of the language rights of the English and French minorities across the whole country (a thankless task given the downright anti-French sentiment of many western Canadians, and the determination of Quebec to maintain control over its own education system). Plenty of room remains available for negotiation and compromise—and for stubborness and quarrels.

Mr. Trudeau has even held out the prospect of his using force if something illegal were to happen—as he did in 1970, when Quebec terrorists kidnapped a Quebec minister and a British diplomat. But he qualified his remark rapidly. If Quebec were to vote clearly for separation, he, and the rest of Canada, would almost certainly let it go. If it does go moreover, the rest of Canada would have strong economic reasons for granting it the economic association which the English speaking provinces now say they will refuse. Canada is not in the mood for violence. Yet it is worthy of note that one of the French Canadian authors of this survey believes that the Levesque Government, by its very existence, has provided political channels for French dissatisfaction that otherwise, might have led to a fresh outbreak of terrorism.

When all is said and done, there is much that makes for second thoughts and against shattering (without substitutes) existing structures and ties. Take Bill 101: it says that advertising will in future have to be in French. A PQ member of the National Assembly was asked whether that would apply to restaurants advertising smoked meat, an eastern European Jewish delicacy which has conquered Quebec snackbars with its English name: "Smoked meat?" he replied. "No, that's a Quebecois word."

Economy heading for moderate recovery

THE SAGES agree that Quebec is in for a better year than it *had during 1977 which was a* miserable one for the economy. But though they differ about detail, they agree, also, that the improvement will be slight.

Mr. Jacques Parizeau, the Minister of Finance and an economist of good reputation, says 1978 will be "less difficult." Growth forecasts vary: the Conference Board of Canada, in an unusually bullish forecast, came down on the side of a growth rate of real gross provincial product this year of 4.6 per cent.; the economists of the Royal Bank of Canada speak of 2-2.3 per cent., and Prof. Yves Rabaud, of the University of Montreal more or less agrees with his own forecast of 2 per cent.

Mr. Rene Levesque, the Prime Minister, in opening the new session of the Quebec National Assembly last month warned the people not to expect miracles and echoed the sentiment so often heard in Canada that the country, and with it Quebec, is living above its means. That will be hard to correct, since Quebec has the highest minimum wage in North America and has indexed it.

Quebec is seriously plagued by the heavy dependence of its manufacturing economy on the so-called soft sectors—textiles, clothing, footwear, and furniture. About 60 per cent. of the jobs lost in Quebec during the last three years were in these soft sectors (though it should be added that in net terms Quebec is still creating employment).

Smelter

Some help has been given to this sector: Canada has introduced quotas restricting the import of certain articles of clothing and footwear, though the Quebec authorities say it was too little and too late. They in turn have been prepared to help with loans and certain tax concessions. But by and large it is agreed that structural change is needed and that Quebec must find new industrial patterns.

It will require time and, above all, business confidence and investment. That is a field in which it is especially hard to gauge the real state of things. There is no denying that morale in the world of the larger industrial and financial institutions is not good. There is constant bickering with a provincial Government which is considered to be both separatist and "socialistic" in the American sense, meaning that it is dedicated to interventionist policies. The complaints do not come from the English-speaking businessmen alone: among the French much the same can be heard. From the other side of the fence, there has been no lack of invective from some Government Ministers.

ECONOMIC INDICATORS

	1973	1974	1975	1976	1977*	1974-73	1975-74	1976-75	1977-76	1977-73*
						Percentage change				
Gross provincial product at market prices ($1m.)	30,135	35,991	40,734	46,589	50,782	19.4	13.2	14.[illegible]	9.0	13.9
Gross provincial product in 1971 dollars ($1m.)	26,273	27,245	27,729	28,973	29,576	3.7	1.8	4.[illegible]	2.1	3.0
Income per capita ($)	3,959	4,738	5,469	6,253	6,813	19.8	15.4	14.[illegible]	9.0	14.5
Total investment ($m.)	5,826	7,398	9,170	9,437	10,782	27.0	24.0	2[illegible]	14.3	16.6
of which manufacturing ($m.)	940	1,344	1,373	1,105	1,400	43.0	2.2	−19.[illegible]	26.7	10.5
Consumer price index (Montreal) (1971=100)	110.7	123.0	136.4	145.6	157.8	11.1	10.9	[illegible]	8.4	9.3
Population ('000)	6,079	6,123	6,179	6,234	6,283	0.7	0.9	0.[illegible]	0.8	0.8
Working population ('000)	2,508	2,585	2,668	2,715	2,791	3.1	3.2	[illegible]	2.8	2.7
Total employment ('000)	2,338	2,415	2,452	2,479	2,503	3.3	1.5	1.[illegible]	1.0	1.7
Unemployment (per cent.)	6.8	6.6	8.1	8.7	10.3					

* Estimate.

Source: Quebec Ministry of Industry and Commerce.

On the other hand a straw poll of business opinion conducted by the Bank of Montreal showed no striking divergence between Canada as a whole and Quebec. Of those polled in Quebec, none thought the state of economy great, 5 per cent. said it was good, 34 per cent. fair but improving, 33 per cent. fair but worsening, 27 per cent. bad, and 2 per cent. bad as can be.

A survey of investment intentions carried out by the federal authorities among large privately owned companies in Quebec arrived at the result—almost certainly too rosy—that investment plans for 1978 were 16 per cent. higher than for 1977. The figure for the manufacturing sector was actually of a 45 per cent. increase but should be treated with some reserve: last year was bad and one must suppose that one or two especially large projects swelled the figure.

Among the biggest investment plans now on the stocks there is Alcan's intention to spend $400m. this year (as against $235m. in 1977) in particular on a new smelter near Chicoutimi. General Motors has agreed to move to St. Eustache, near Montreal, a bus assembly plant now established in Ontario. It did so as part of a deal by which it will supply 1,200 buses to Quebec urban authorities. The engines and transmission trains required for the three buses to be produced daily will still come from Ontario. Studies are being made whether the vehicle can be adapted to U.S. requirements, in which case capacity at St. Eustache would be doubled.

Rather greater significance for the future may attach to another deal under consideration with both GM and another motor manufacturer. The Quebec Government hopes to persuade one or both of them to take advantage of the expanding aluminium industry in the province to begin making aluminium parts, including engine blocks. Given the increasing need to conserve oil, the petrol economies hoped for from reducing the weight of vehicles by substituting aluminium for steel will, it is hoped, give such a project a rosy future.

The Canadian motor industry, at the moment, is almost entirely concentrated in Ontario: with a bit of imagination it is possible to speculate that the rising price of oil may help Quebec to make inroads into that near-monopoly. The reason for thinking so is principally the rich endowment of Quebec with hydro-electric energy. That power is the basis for the aluminium industry, but also can provide motive power for machinery as oil becomes more expensive and, eventually, scarce.

Before that stage is reached the Quebec authorities believe that their petroleum chemistry industry has a reasonable future in the medium term. All the running is being made at present by Alberta, where there is oil, and Sarnia in Ontario. But as oil in Alberta runs out oil imported from Venezuela and the Middle East will have to be pumped down the existing pipeline from Montreal to Ontario. Quebec, as a result, will be closer to the well heads than its competitors, or so the argument runs. New oil finds in Alberta, not to mention the great unknown of how economic oil from the Alberta tar sands will eventually prove, could thoroughly upset that calculation.

The Levesque Government's first important departure into industrial policy was the announcement late last year that it intends to buy majority control of Asbestos Corporation from General Dynamics. Theoretically it has power to expropriate resource industries, but the Government does not intend to use them. Instead it is going to try to negotiate a purchase of the shares.

Emotions

None the less there were cries of "socialism" from the business establishment, both English and French. The asbestos industry arouses profound emotions in Quebec because of a history of labour conflict in the 1950s—but the reason adduced for the Government's decision to move in was not social justice, but a desire to arrive at a greater depth of manufacture. Only about 3 per cent. of the asbestos mined in Quebec is finished there: the Government has set itself a target of 10 per cent. instead and a number of possible products have been identified, including asbestos pipe, linoleum backing, tiles and brake pads.

The latter could be fitted into a "cluster" of industries, to use a phrase favoured by Mr. Tremblay, along with the aluminium-motor industry group. However, doubts about the wisdom of buying Asbestos Corporation have been voiced even among supporters of the Government on the grounds that it is going to cost several hundred million dollars to buy the shares and then set up processing which will yield at most 800 jobs.

In the case of pulp and paper, dealt with elsewhere in this survey in more detail, the Government proposes to work hand in glove with the private sector, providing incentives as yet to be defined to make possible a $10m. rationalisation plan.

All of these proposals and ideas deal with resource-based industries. The existence of water power, of woods, and of asbestos and of base metals once demand in industry comes out of the worldwide doldrums —does provide a decent economic base for the province.

Things are a good deal more awkward in the financial sector where fear of "socialism," of French nationalism, and a long-term shift westward of economic activity have contributed to an exodus of jobs to Toronto and points beyond.

In the context of the Quebec economy at large the exodus means that the service sector will continue to remain under pressure. With an unemployment ratio pushing towards 12 per cent. (and 20 per cent. among young people) Quebec can ill afford to see jobs disappear to Toronto. The process has been accelerated by uncertainty about the political future of Quebec, by the general bitchiness of Government-business relations, but also by a distrust of interventionist policies. The Quebec Government for instance believes that some life assurance companies are not re-investing in Quebec enough of the premiums they receive there. A law requiring a "reasonable" rate of re-investment exists, and Mr. Parizeau might one day make it effective by issuing regulations to define that very flexible term.

W. L. Luetkens

Confusion over future status

A GHOST of an election is in prospect for the people of Quebec this year. Though the issue of Canada's national unity will loom large, because it is a federal election the Parti Quebecois which intends to break Canadian federation as it exists, will not be taking part.

Instead it will put the question of Quebec's status in a *referendum among the people* of Quebec, probably next year. And finally the PQ Government which was elected in Quebec on November 15, 1976 will have *to present itself to the elector*ate by 1981 when its term expires.

One might have thought that after all that the future status of Quebec would be clarified. But there is a better than even chance that it will not be. There are too many cross currents and uncertainties. Not even the options to be placed before Quebeckers in the referendum have been clarified: will the PQ ask them to approve its aim of "souverainte-association," which translates as "sovereignty in association," with the rest of Canada? Will it ask them for a mandate to try to negotiate such an arrangement? Or is there a third possibility that outsiders have not been able to guess at? Nobody knows.

There is good reason for all the confusion, because it reflects a political position which is equally confused. For a start, one in five Quebeckers is not French and hence unlikely to go along with any sparatists or near-separatist proposal. Most PQ supporters realise that against such a built-in "no" vote it will be difficult at the first attempt and perhaps well nigh impossible to win a referendum intended to let the province go its own ways. But neither is there a majority in favour of leaving things as they are—meaning that Quebec would remain one of ten Canadian provinces in a federal system where increasing power has been exercised from the centre ever since the war.

So many polls have been conducted in Canada and Quebec of late that the issue has at times been confused rather than simplified. But a rough pattern of opinion in Quebec has emerged: one in ten Quebeckers is satisfied with the status quo and a similar proportion want independence with no ifs and buts. But another two or more out of ten are attracted by sovereignty in association, and more than four out of ten want a "renewed federalism". That really means greater power for the provinces, in particular Quebec, and guarantees that the French will remain the dominant element there.

One deduction which is safe is that a majority in Quebec does want a change and that the battle for the hearts and minds of Quebeckers, as Mr. Pierre Elliott Trudeau, the Federal Prime Minister, has phrased it, is a very open one. Particular importance therefore attaches to what otherwise might appear to be the least of the many electoral contests in the offing, the choice of a new leader by the Federalist Liberals of Quebec at a party conference in April.

When Mr. Rene Levesque and his PQ were swept into an overwhelming majority in the National Assembly by the electorate in 1976, most of the then Liberal leadership disappeared in limbo. It has taken until this year for the party to recover confidence to the point where it can give itself a new leader. The two candidates who have emerged (subject always to the possibility that a surprise candidate may yet present himself) personify much of the struggle which is going on outside the committed separatist camp. One is Mr. Claude Ryan, a sophisticated intellectual, formerly editor of the leading French newspaper in Montreal, Le Devoir; and Mr. Raymond Garneau, an economist, former Liberal finance minister, and very much the practical politician.

Piquancy

What gives the contest both piquancy and a great deal of relevance to the future of Quebec is that Mr. Ryan in 1976 told readers of Le Devoir that he would vote for the PQ. His backers evidently hope that when the time comes he will succeed in stealing the PQ's clothes.

Mr. Ryan is deeply committed to the survival of a distinctive French culture in Canada, and above all in Quebec: he would modify but by no means abolish the PQ legislation which has severely restricted access to English schools in Quebec to all but established members of the English community (a matter dealt with in another article of this survey). But he does differ from the PQ on economic matters: he disapproves of its interventionism in business or "socialistic policies," as North Americans would put it.

Mr. Garneau is at one with him there, but on the nationality question is much closer to Mr. Trudeau who has become associated with the doc*trine that Canada is a bilingual* country of one, Canadian nation. But Mr. Garneau, and Mr. Trudeau have accepted that Quebec's aspirations (and those of some other Canadian provinces) require adjustments to the constitution. For instance, they want to give the provinces a voice in the appointment of Supreme Court justices, since that court has to adjudicate on federal-provincial differences. At present all are appointed by the Ottawa Government.

The same goes for the Federal Senators, members of a body which fulfills a useful function as a chamber to revise House of Commons legislation, but leads a somewhat shadowy *existence. A revitalised Senate* designed to give genuine expression to the enormous regional diversities within Canada is expected to be proposed shortly by the Trudeau Government. The proposal is, however, unlikely to get through parliament before the dissolution.

In any case, it is certainly not going to satisfy Mr. Levesque and the PQ. To them Quebec does not require more power at the centre, in Ottawa, but the centre should have less power in Quebec. That is very much in the mainstream of French Canadian thinking: many Liberals and also the *second opposition party* in Quebec, the Union Nationale led by Mr. Rodrigue Biron, are of the same opinion. Mr. Levesque knew exactly what he was doing when he walked out of a recent conference of federal and provincial heads of government after complaining bitterly that the Federal Government had meddled by spending money on refurbishing the port of Quebec city. As long as he remains in federation, Mr. Levesque, like his predecessors, will accept the money that is due to Quebec, for instance from tax revenues or investment incentives; but like his predecessors he wants Quebec to decide where it goes.

Support

Equally Mr. Levesque can count on a wide measure of support for an agreement just concluded with Ottawa which gives the Quebec authorities an enhanced voice in the choice of immigrants who come to that province. The main purpose is to ensure that as far as possible immigrants are either French-speaking or ready to join the French community now that the once proverbial fertility of French Canadians has fallen off the Quebecois are afraid that one day they may be outnumbered in their own homeland. There is, however something academic about the agreement: immigration into Quebec is low—say some 20,000 people a year—and there is nothing to stop an immigrant to another part of Canada moving to Quebec if he wishes.

Where Mr. Levesque and the other parties part company is the nature of the links they wish to retain with the rest of Canada. His Government is ready to maintain all sorts of common institutions and *arrangements with Canada,* even to a common monetary policy and defence. But the

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Hydros form strong power base

A GAMBLE ken in 1971 to develop th hydro-electric potential of th rivers flowing into James Bay t the southern end of Hudso Bay bids fair to provide Que with a strong energy base decades to come and henc with the linch-pin of its indu ial strategy.

Unlike some her Canadian provinces Que has no oil; its resources o atural gas are small. But th hydro-electric resource — po tial and developed — is la . At present about 22 per c of Quebec's primary ener is electric, almost all of hydro. That share is exp ed to have doubled by th end of the century.

The cost, of urse, is huge, not least becau he James Bay project, like mo of those which may follow it, n the sparsely inhabited north Quebec. But, so the argume uns, once it is installed, hydr wer is all but inflation proof. hen the great generators are nning it costs relatively litt o keep them going.

Yet James has been by no means un roversial, not least because the cost overruns which w so typical of the great proj s of the 1960s and early 1970 In mid-career it became ne sary to raise the estimate James Bay from $Can.11b to $Can.16bn. That caused great deal of criticism at t time.

Much of th criticism came from section f the Parti-Quebecois, the opposition to Mr. Robert B assa's Liberal provincial G nment. But when the PQ e to power itself at the en f 1976 it was soon found to committed to James Bay—n nly because it was much too e to call the whole thing of ut because the alternative w have been either a loss o owth potential in a province h feels it has been left beh in the economic race, or a commitment to nuclear en y. Politically speaking, the er would have been difficult.

Disownig

It would als ve meant disowning the fir ally big exercise in Frenc anadian management. Hy Quebec resulted from onalisation of the electricity ilities in the province in th rly 1960s, at a time when business was almost exclu ely English-controlled. Th ew utility was deliberately se to be French Canadian. Its eputation for managerial ap de is high in North Americ and the same goes for the ted companies dealing with J es Bay and its infrastructure.

The first p r from James Bay is expect o be ready to be delivered Montreal, more than 600 mile way, from the La Grande 2 wer station by November 197 The entire LG 2 station with 00 megawatts will be genera g by 1982 and by 1985 all fo power stations on the La Gra e river should be finished, ad g 10,000mW to the hydro-elec c network of Quebec. Plans e under discussion to enlarg he complex by adding two tions on the Laforge river, A 1 and LA 2, and by adding dditional units at LG 2 and I 3. If adopted they would ad 8,000mW to the James Bay sch e.

To appreciat hat that means one must kno that the entire installed capa y in Quebec at the end of 19 amounted to about 14,000m (including captive power of the Alcan concern required for the extremely energy-intensive smelting of aluminium). In addition, Hydro Quebec, the provincially-owned utility company, has a contractual claim to about 5,000mW from the Churchill Falls plant in Labrador, a part of the province of Newfoundland. Newfoundland is trying to win a revision of that contract, which gives power to Quebec at a rate cheap by to-day's standards.

But there are other figures to show the vast scale of the La Grande complex. It is estimated that in 1979, the peak year, some 580,000 tons of material will have to be brought to the construction sites amid tundra and sparse forests of birch and spruce. Some will move by air, some by a specially built road. In all there will be six reservoirs with an aggregate capacity of 3.4bn. cu. feet. The power house at LG 2 has been blasted from the solid rock of the Canadian shield. Vaster than any cathedral, it seems to be consecrated to a black mass of the industrial age. Vast vehicles crawl about underground in the dim light preparing galleries and caves for the surge of water and the hum of turbines.

The men at work belong to the heroic breed who build the great sub-Arctic energy schemes of Canada. The normal working week is 60 hours: after a spell of two or three weeks the men go on leave to the delights of the south. While on the job, they live in vast hutments, and take their meals in a great communal hall. The mess at LG 2 can seat 1,800 men, and it is said that it takes three men an entire shift to break the eggs for their gargantuan breakfast.

Infrastructure for the James Bay complex is provided by Societe du Developpement de la Baie James, owned by the Quebec Government, as is Hydro Quebec, the real master of the James Bay power scheme through an affiliate company. The development corporation has a wider brief: it is intended to advance the exploitation of natural resources in a huge region of Québec. But it has been overtaken by the setback to international growth since the early 1970s. The state of the world steel market has for the time being killed interest in deposits of 1bn. tons of iron ore at Lake Albanel, and much the same is true of several base metal discoveries.

Nor are the uranium deposits commercially viable at the moment but the search for uranium continues. When the geiger counters first began to tick, a plan was elaborated within the development corporation for an enrichment plant in co-operation with the French Atomic Energy Commissariat, but it has led to nothing so far.

The uranium deposits do not warrant it and there also are political problems, not least because the Canadian reactor system, Candu, uses natural uranium. Studies have been made for the use of slightly enriched uranium in Candu, and Canadif, a joint Quebecois-French venture, does have a proposal for a scaled down enrichment plant with an annual capacity of 3.2m. separative work units and producing uranium enriched by 1.2 per cent. Given the circumstances, that proposal is not likely to come out of the files for some time, particularly since the Quebec Government has proclaimed a moratorium until 1981 on any kind of decision to go nuclear.

All that Quebec has in the nuclear field at present is Gentilly 2, a Candu of 600mW which will be completed by 1980. Gentilly 1, a variant of the Candu design was found to be unsatisfactory and was abandoned; in addition Hydro Quebec has under study plans for another Candu of 600-850mW.

Wasteful

But Gentilly 3 falls under the moratorium imposed by the Energy Minister, Mr. Guy Joron. His strategy must as yet unfold, but he is sensitive to environmentalist and related doubts about the entire nuclear option. One of his first actions as minister was to encourage fuel economy: an OECD study of two years ago showed that North Americans, and especially Canadians, were the most wasteful users of energy in the world, and Quebeckers are no exception. But the habit of switching off the lights in office blocks during the night has made a timid appearance on the Montreal scene.

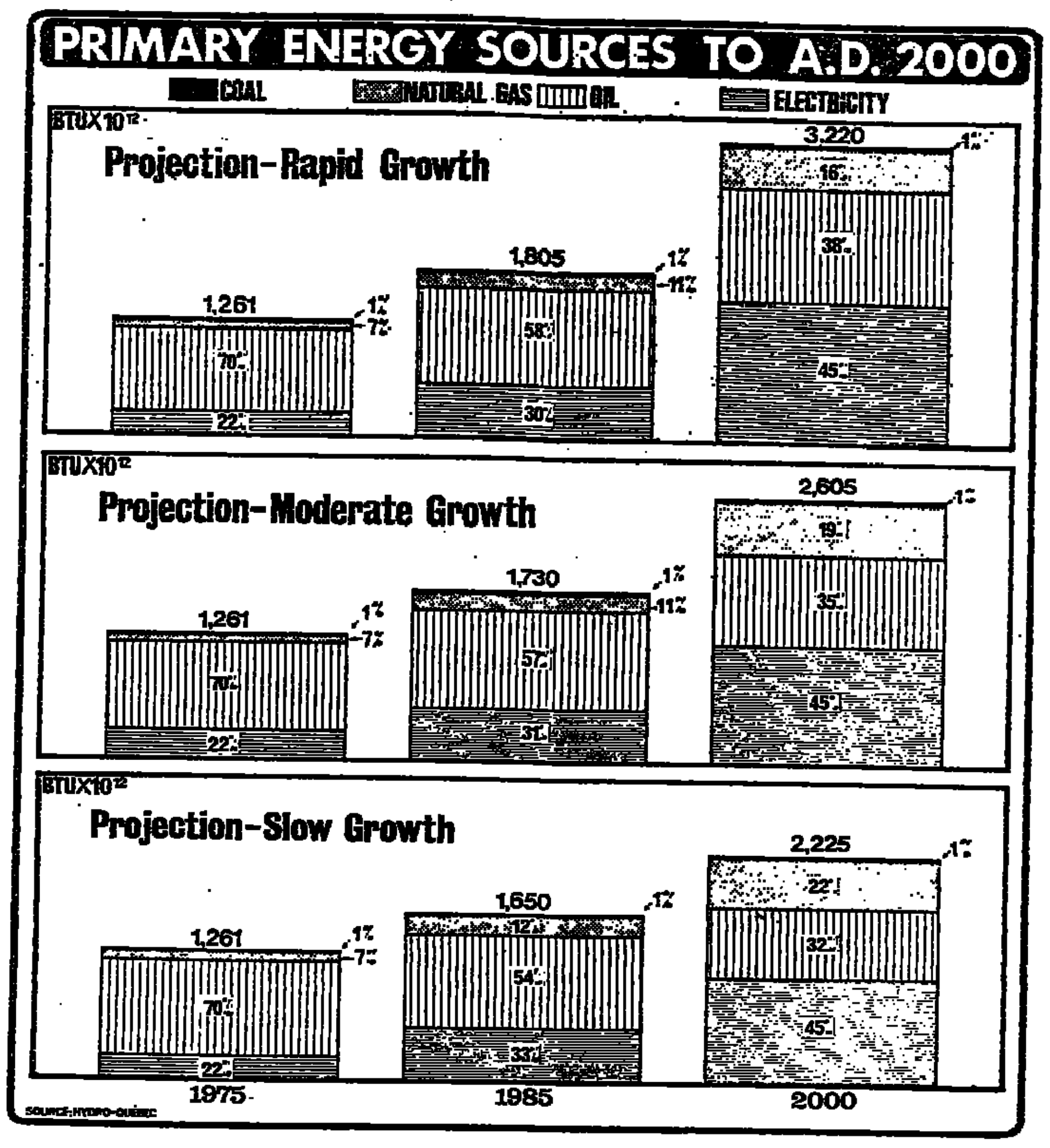
Economies apart, beyond James Bay there is a great reserve of water power to be had in northern Quebec—5,000 MW at the rivers Rupert, Nottaway and Broadback, 2,000 MW at Great Whale, 3,000 MW from Caniapiscau which drains into Ungava Bay; and 5,000 MW from rivers draining into the Saint Lawrence. But it is unlikely that all this potential will prove commercially viable, even by the end of the century. At Hydro Quebec, at any rate, there is little doubt that during the 1990s Quebec will have to go nuclear.

Evidently Quebec, with its population of 6m. is unable to finance these great energy projects by itself. Now that James Bay is at peak construction Hydro Quebec has to borrow some $2bn. a year. Its credit rating is high: of this year's needs, $1.25bn. have been raised on the Eurodollar market, though it is notable that since the advent of the PQ Government there have been no public issues in the U.S.

Hydro Quebec has been fortunate in that the peak construction effort is falling into a period when Canadian construction prices are under pressure. On the other hand it is also a period of pressure on the Canadian dollar: the cost of servicing Hydro Quebec's foreign-denominated debts has risen greatly as a result.

Even so, Quebec has and can continue to have what (with tiny exceptions) is the cheapest power in North America and probably the world. In Montreal, it is cheaper to heat a house by electric power than by oil. The argument that power is cheap is one which is dangled before investors from outside Quebec: it remains a powerful one.

W.L.L.



Confusion

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great strategis of the PQ, Mr. Claude Mori Minister of Intergovernme al Affairs, rejects any tho ght of common elective inst utions. The Federal Minis r of Federal-Provincial Af rs, Mr. Marc Lalonde, on e other hand, says that a fe eral parliament with real powe s is essential.

Mr. Morin is generally credited with h ving hit on the strategy which ut the PQ into power. The is e of independence was pl ed down by promising a r erendum. Instead good g vernment was promised to a province which had seen its fair share of scandals in g vernment, and where public s rvice and construction union had made hay during the boo period of the mid-1970s. Has hat claim been made good?

There have en no scandals and labour ace has been maintained. he latter, however, has been due as much to the bad econo ic outlook, and the fact that ew important labour contract have come up for renogiatio as to good management. he evidence of the polls, though suspect at times, is that a bare majority of the electorate approved of the language law and of labour legislation intended to prevent employers from hiring strike breakers. Significantly, however, there were majorities against the law bringing in government - administered no fault insurance for motorists' third party risks involving personal injury, and against the Government's intention to buy majority control of an asbestos mining company.

With a little imagination one can detect there the real dilemma. Are the Quebecois in the first place members of a French community that wants to do things in its own way? Or are they North Americans who happen to speak French? The answer, of course, is that they are a bit of both. At the moment the bread and butter considerations may be to the fore, which could help to explain a sudden spurt of popularity for the Liberals. But the struggle is not resolved and, indeed, never may be.

W.L.L.

Guidelines of industrial strategy

THE QUEBEC Government, in its industrial strategy, tries to speak softly and carry a big stick. The Economic Development Minister, Bernard Landry, keeps saying to the private sector: "We shall tell you what our long-term goals are, and with incentives and good management, we shall help you accomplish them."

He then goes on to explain that the Parti Quebecois is not really the died-in-the-wool interventionist monster it is painted—but adds: "If we don't like the results you're getting, you may find yourself with a new and active partner."

When things are humming along to its satisfaction, the Government is not about to go rampaging around in the delicate mechanisms of the economy like a bull in a china shop, Landry recently told a gathering of businessmen. "So you can deduce that when we intervene in a sector, it is because we have decided objectively, with the people of Quebec and with you, under the best possible hypotheses, that the sector is not performing as it should," he said.

The Government has been pretty specific about what it wants for Quebec: a balanced manufacturing sector, focused on high-technology and export-oriented industry and greater self-sufficiency in such diverse areas as food production and steel. But above all it wants a big increase in the amount of local processing of Quebec's raw materials.

Levers

All the above must come to pass with a substantial increase of both the use of French, and the presence of French-Canadians at the levers of power.

The Government's policy on asbestos—of which the province is the largest producer in the free world—shows very clearly how Quebec is prepared to proceed. The Government proposes to take over Asbestos Corp., one of the province's five major producers from its American parent, General Dynamics, "to ensure an immediate Quebec presence at all industrial levels of the asbestos sector." An agreed solution is being sought, though clearly the Government if it chooses, can apply heavy pressure.

A State asbestos corporation (Societe Nationale de l'Amiante) is also being established with an initial authorised capital of $50m. to invest solely or through joint ventures in conversion projects. It will mine alone or in partnership all existing or future asbestos deposits in which it has a share.

To co-operate with the industry, the Government is setting up a research and development centre to find new asbestos products and examine health, hygiene and safety problems. An Asbestos Board, under the authority of the Ministry of Natural Resources, will carry out Government policy, draft new laws and regulations and negotiate development agreements with the mining companies.

These agreements, which the companies have two years to sign, will cover forecasts of investments for local upgrading over the next five-year and 10-year investment programme for each company depending on its situation in the industry.

Since the four remaining major producers, all foreign-owned, are not under threat of take-over, the Government says its asbestos policy is an indication of its appreciation of the place for foreign-controlled companies in Quebec.

Johns-Manville, whose Jeffry mine is the largest open-pit asbestos deposit in the Western world, is a subsidiary of the American Johns-Manville Corp.; Lake Asbestos Co. is part of the U.S.-based Asarco group, and Carey-Canadian is a subsidiary of Jim Walter Corp., also American. Bell Asbestos Mines is controlled from the U.K. by Turner and Newall.

To the current Quebec Government, the private asbestos companies have not acted in the best interests of Quebeckers. Although only 3 per cent. of the fibre mined in Quebec is processed there, the Government says 20 to 25 per cent. can be and will be. That, it says, will create 50,000 to 60,000 new jobs, up from about 5,000 now.

In addition, the Government says, the industry has not been sufficiently aggressive in finding new uses for asbestos based products, or in countering growing environmental worries about asbestos that have led to increasingly successful international research into alternatives.

Another sector under the Government examination is the pulp and paper industry. Although there seems to be no thought of direct government participation (and for the moment, at least, no fears are expressed by the companies), it is no secret the Government thinks the industry's increasing lack of competitiveness, especially in paper products, can be explained largely because private industry did not make the right decisions 40 years ago.

Hearings of a parliamentary commission on the industry last autumn in Quebec City emphasised some fundamental differences of approach. While the industry was talking about the impact of inflation, uncompetitive labour costs, unsettled industrial relations, long growing seasons, minimal return on investment and severe taxation, government representatives were suggesting that the industry was operating with obsolete equipment because profits have not been reinvested.

Proposals

According to government statements, specific proposals for the pulp and paper industry, still to come, will include some kind of modernisation plan. But whether the Government intends merely to initiate tax incentives, make low-interest funds available or actually tell industry what to do and when, no one knows.

Quebec's aluminium sector, led by the giant Aluminium Co. of Canada, is another where the Government is pressing for more local upgrading, especially for the export market. Since the industry located itself in Quebec nearly three-quarters of a century ago because of cheap and accessible hydro-electric power, the Government has a lever it knows how to use.

In his first budget last April, Finance Minister Jacques Parizeau set out principles for calculating power surcharges on Alcan's privately owned power stations. In doing so, he answered two company worries—would their power sources be nationalised, and if not, would the equivalent rates be long-term and reasonable?

Parizeau told Alcan what it wanted to hear, but there will be a quid pro quo—more finished and semi-finished aluminium products produced in Quebec.

Currently Alcan is trying to persuade one of the American car manufacturers to establish a castings plant in Quebec to take advantage of the province's aluminium resources. If Alcan is successful, the company will have helped the Government along the road to another goal of its industrial strategy—a real motor industry in Quebec.

Although Quebeckers provide 30 per cent. of the Canadian car market — several percentage points more than their share of the Canadian population—they do not get many of the jobs. Recently, by awarding a $93.5m. bus contract to General Motors of Canada, instead of to a local firm, the Government got GM to transfer its bus production to Quebec from Ontario, where the Canadian motor industry is centred.

A Quebec car industry could be the final link in what already is a promising transportation sector. In addition to being world headquarters for the snowmobile business, the province is a considerable exporter of locomotive and other rail products and technology. With Ontario's Dofesco, two Quebec-based companies, Alcan and Bombardier-MLW, have developed the LRC (light, rapid, comfortable), a high-speed technologically novel intercity train with great export potential. Amtrak, the U.S. passenger rail corporation, has signed a lease-purchase agreement for two trains and may take more.

Encouragement of transportation, along with electronics, aerospace and chemical industries, are high Government priorities. Except for chemicals, they are primarily clean and all have a heavy value-added factor.

But they are not considered quite as essential to the structural re-organisation of Quebec's economy as is an intergated steel industry.

Calling steel the "industrial force par excellence," the Government wants to make Quebeckers as famous for steel-making as they are as managers of one of the world's largest public utilities—Hydro-Quebec.

Most Government development formulas touch the steel industry in some way. As transportation, especially the motor industry grows in Quebec, so does demand for steel. As the pulp and paper industry is modernised, so will demand for steel grow. (That particular premise relies on the unlikely idea that pulp and paper equipment, now mostly imported from Europe, will be produced in Quebec.)

But obviously any growth in the province's secondary industry will be good for Quebec steel and for Sidbec, the State-owned steel company, currently losing money hand-over-fist.

With only 8 per cent. of Canadian steel production (compared with 80 per cent. in Ontario), Quebec has a long way to go to achieve the Government's stated goal of steel self-sufficiency. Just now, the province makes less than half the steel it consumes.

However, Quebec, coming in at this late stage in a highly developed and highly productive Canadian industry, has to solve the problem of the chicken and the egg. Which must come first—the steel users or steel supplies?

Problem

Quebec is also faced with another two-sided problem—whether to promote larger mostly English-controlled business or concentrate on small and medium mostly homegrown enterprise. Is it best to strengthen the top so the results will filter down or will more benefits flow from growth at the grass roots?

The Government has chosen to put its emphasis on the PME (*petites et moyennes entreprises*) and the co-operative sector. This economic decision, more than most others, is tied to the Government's ambitions of independence. Suspecting a lack of Quebec commitment among large Canadian or multinational companies, the Government prefers to bolster enterprises where it has more votes.

But regardless of the political motivation, no one will deny that the lack of middle-sized, especially manufacturing enterprises, is one of the serious structural weaknesses of the Quebec economy. And since many Quebeckers feel that all the province's economic power is in the hands of the big companies, especially those who speak only English, this void reinforces their traditional disinclination to choose business as a worthwhile career. As a result there is a very shallow pool of French-speaking management talent in Quebec from which to mount a challenge to the English hold on the executive suite.

Another brutal problem of the structure of Quebec's economy is the large percentage of its manufacturing industry, which lies in wha the Government calls "soft sectors." With a small domesic market over-run by cheap Thrd World products, Quebec's textile, shoe and furniture producers are dying—and with them the futures of thousands of workers, mainly in one-industry towns.

Following industry-by-industry mini-summits to search for a solution, the Government increased its public pressure on the federal Government to increase tariff protection—a policy to which Ottawa was already committed.

Protect these traditional industries, it says to Ottawa, for a few more years while we modernise and regain our competitive postion. But no one in Quebec City is yet willing to admit aloud that those traditional industries may have come to the end of their tradition.

Wendie Kerr

Uneasy outlook on the labour front

QUEBEC MANAGEMENT is in a "hold" position on Bill 45, Quebec's new labour law, passed in December last. By contrast Labour officials, while critical of some of its sections, look on the legislation as their reward or pay-off for support of the Parti Québecois in the November 15, 1976, election.

The new labour law seeks to prevent employers from using "scab" labour to continue production during a strike, introduces compulsory check-off of union dues in any union shop, and the secret ballot in key union votes, including strike ballots.

Bill 45 will not improve the state of labour relations in Quebec where the past five years have been stormy. Most of the already unionised workers in the province, public or private, will be unaffected by the new legislation, since their labour agreements normally provide for check-off of union dues for employees in unionised shops, or even tighter forms of union security. Their own strength has meant that the use of "scabs" to replace employees on a legal strike is a rare occurrence, resorted to in less than 1 per cent. of the province's strikes.

But the Parti Québecois had promises to keep to a trade union movement that helped give it 71 members in a legislature of 110. The PQ told its supporters that it would make labour relations more favourable to the workers if it eliminated "scabs" and imposed the Rand Formula by which union dues are deducted from the pay packets even of workers who do not belong to a union. The Bill made it impossible for employers to fire, suspend or transfer employees because they had taken part in the strike.

THE WORKFORCE

	1961	1971	1975	1976
Total labour force (000)	1,820*	2,348	2,668	2,715
Labour force by sex:				
Male (000)	1,356*	1,567	1,735	1,740
Female (000)	464*	780	933	976
Participation rate of the labour force (%):				
Male	79.9	76.4	77.7	76.4
Female	26.5	36.4	40.0	40.9
Total employment (000)	1,652*	2,176	2,452	2,479
Unemployment rate (%)	9.2	7.3	8.1	8.7
Employment by sector (000):				
Agriculture	n.a.	96	70	74
Other primary industries	n.a.	43	48	49
Manufacturing	n.a.	570	591	595
Construction	n.a.	117	137	147
Transportation, communications and other public utilities	n.a.	184	232	216
Trade	n.a.	335	404	415
Finance, insurance and real estate	n.a.	99	119	122
Services	n.a.	593	678	694
Public administration	n.a.	132	173	168
Total, primary (000)	n.a.	139	118	123
Total, secondary (000)	n.a.	687	728	742
Total, tertiary (000)	n.a.	1,343	1,606	1,615

n.a. Not available. * Non-comparable with the 1971-76 years.
Source: Direction de l'analyse et de la prévision économiques—DGRP.

Bitterly

The management sector in Quebec bitterly opposed the Bill on the grounds that the Quebec labour movement was already the most powerful in Canada and did not need further legally sanctioned opportunities to clobber employers. Management spokesmen were specifically excluded from testifying on the Bill in its drafting stages.

The Bill included a clause designed to ensure union democracy. The drafters wrote in a section which would force unions to use the secret ballot (instead of a show-by-hands vote) in union leadership elections, and provided for votes on strikes, lockouts and negotiated contract agreements. No provision is made for neutral supervision and that passage probably overlooks the pressures on the rank and file. The legislation allows a union member to request an investigation of his union by the Quebec Department of Labour and to seek a subsequent court judgment. (No one who follows administrative procedures closely in labour relations has any illusions as to the likelihood of individual members exercising this right!)

Success of any piece of legislation is rooted in perceptions of fairness, of evenhandedness and of realism. Breathing life into a law is largely dependent on the quality of the administration of that law. With one of the two major partners opposed to Bill 45, its future is dim.

Legislation in the volatile field of labour relations with its natural components of controversy is difficult, even when a law to regulate these relations contains only one or two major substantive objectives. The difficulties of abiding by Bill 45 are compounded when one considers that its original draft was conceived and written by the first-appointed PQ Labour Minister, J. Couture, a worker-priest, and then redrafted with 74 amendments grafted on to the original skin by his successor, Pierre-Marc Johnson.

Employer reaction to such legislation was predictable on sections relating to compulsory check-off of dues or "scabs," but predictable attitudes aside, employers have genuine cause for concern. They foresee a possible further deterioration of the province's economy and an increase in unemployment if this legislation is given full effect.

Prospective investors setting about to establish an enterprise in the province will almost certainly be deterred by this plethora of concessions leaning heavily towards the unions, and by the many restrictions on the employer.

No one in the PQ has yet explained how this legislation will change Quebec's record, that of the province with the largest number of strikes in Canada in 1977. During the first six months of that year, there were 86 strikes in Quebec compared with 76 throughout the rest of Canada.

Most of the reforms will not basically alter the economic climate for the *employed* sector of the Quebec economy. More important, they will not create jobs for the unemployed. Recent figures indicate that the unemployment rate is over 11 per cent. for Quebec compared with 8.5 per cent. for the country as a whole.

Bill 45 cannot assure elimination of labour turmoil since the ingredients for chaos are unaffected in any significant way by the legislation. The Quebec labour movement is unique in North America for having four major union federations, most of them competing with one another, each with their own special ideological thrust.

The largest is the Quebec Federation of Labour, 285,000 strong and containing the wealthiest and most sophisticated bread-and-butter type unionists, many of them with international (U.S.) union affiliations and part of the Canadian Labour Congress. Among others, they include steelworkers, construction workers, and auto workers.

The Federation's major rival is the Confederation of National Trade Unions (CNTU), with its French Canadian nationalist raison d'etre and almost 100 per cent francophone membership and leadership. The CNTU has no affiliation with any other labour group in Canada, and its 160,000 members keep their money in Quebec.

Then there is the Centrale des Syndicats Democratiques (CSD), with about 55,000 members who left the CNTU, in opposition to its emphasis on political ideology. They want a move on pragmatic unionism.

Overrode

Another powerful group is the CEQ, the Quebec Teachers Federation. The leadership of this 80,000-member organisation is ideologically Left, separatist and dedicated to political change. But its membership of French-speaking Catholic school teachers has demonstrated that it makes up its own mind when it comes to negotiating working conditions. Last year, the members overrode the leadership by voting to accept the Quebec Government's last offer.

The current political stresses and strains are severe. Louis Laberge, President of the Quebec Federation of Labour, discouraged attempts at the November convention in Montreal to have the Federation declare itself on the question of separatism. Knowing that many of the affiliates, such as the Garment Workers Union, or some locals of the Paper Workers Union, would not support a separatist move, he could not risk further divisions of the Federation. He told the delegates that more time was needed for consideration and discussion before they would be in a positio to take action.

The CNTU and CEQ, both committed to separatism, are considering combining their forces into a single labour federation. Their presidents, Norbert Rodrigue and Yvon Charbonneau, are "holding talks," but Marcel Pepin, the former CNTU president, still commands the respect of many of the CNTU members, and has publicly expressed his worries that separatsm is not in the best interest of the workers of Qurebec.

The prospects which lie immediately ahead are not for more strikes *in the private sector*. This is where we are witnessing the worst effects of the economic crunch. They include head offices leaving the province for less fravous climes, an uncertain investment climate, a dramatic inrease in minimum wages to $3.27 per hour—the highest statutory minimum wage in North America and indexed to go (presumably) even higher—low productivity, a decline in the tourist industry, an increased number of bankruptcies. The most likely consequences are for higher unemployment in the near future. Even the most militant labour leaders are likely to think twice before urging their members to strike.

The future contains one dangerous patch of quicksand for the Parti Québecois in its so far brief travels with the labour movement—the impending negotiations with the common front of public service employees plus hospital workers and teachers. Are strikes inevitable? Will the province as the employer in the negotiations represented not actually by Labour Minister Johnson, but by the Public Service Ministry, give in to the wage demands of a militant labour leadership? If it does, what effect will it have on union leaders in the private sector who are playing down high wage demands in exchange for job security?

It should be borne in mind that the position held by Quebec as the most strike-ridden province in Canada in 1976 and 1977 was primarily in this white collar sector—Montreal transit, newspapers, Universite Laval and Universite de Quebec. It was a period of very few work stoppages in manufacturing, general transportation or construction, all of which could represent the true productive capacity of Quebec.

Imposed legal sanctions are not solutions to labour problems. They buy time at a risk of developing unrest. In labour conflict, the results which give some promise of lasting are those worked out face-to-face by the parties themselves, because when the shouting is over, the adversaries know that each side got something out of the bargaining.

The Quebec Government's labour legislation, designed to please union leaders, will not ensure labour peace when applied to specific cases. There will undoubtedly be varied interpretations, and protracted litigation, providing full employment for at least one group in society, the lawyers. But all this will not guarantee the one basic ingredient Quebec labour needs—a job for all those capable of working.

Frances Bairstow

Prof. Bairstow is director of McGill University's Industrial Relations Centre and a member of the Faculty of Management.

Pulp and paper a mainstay

PULP AND paper is Quebec's most important manufacturing industry. The first paper mill in Canada was the Argenteuil Paper Manufacturing Company plant at St. Andrews East, near Montreal, set up in 1803, and Canada's second mill was also in Quebec—near Portneuf, Quebec City.

Sixty years after the first Canadian mill to make groundwood pulp was built at Valleyfield, near Montreal. This was the forerunner of the 20 newsprint mills now located in the province with annual capacity of 4.3m. tonnes.

These mills represent 47 per cent. of Canada's total newsprint capacity and 18 per cent. of the entire capacity of the Western world. By any standard this represents a major industry, with an annual sales volume of $1.5bn.

Forty more mills in Quebec make other grades of pulp, paper, and paperboards of various kinds, but they are generally much smaller than the newsprint mills and their total capacity is about 3.6m. tonnes. Two-thirds of this consists of varieties subject to import tariffs elsewhere and is normally used in Canada. The balance is tariff-free pulp, mostly for export.

Practically all the newsprint and about one-third of the other products made in Quebec are used outside the province. Most of this volume goes to the U.S., but a very substantial quantity, particularly newsprint, is also shipped to a long list of overseas countries headed by Britain. The exports are a very large factor in Canada's balance of trade.

Depletion

The pulp and paper industry differs from most natural resource industries since its principal raw materials are not subject to depletion. Wood is a crop that keeps on growing with practically no attention, but it responds in quality and quantity to care and supervision.

Quebec is magnificently endowed with wood, and its abundance of fresh flowing water also provides cheap and clean energy in the form of hydro power. This is becoming more and more important as other sources of energy grow scarce and more costly.

Quebec's pulp and paper industry is in a recovery stage at present, though there is a wide variation between different products. Newsprint is doing well; but market pulp is in a thoroughly demoralised condition. In between are the other grades, mostly dependent on the general business climate in Canada.

But overall the Quebec mills are in a fortunate position because of their heavy concentration on newsprint and relatively minor interest in market pulp. The fine paper mills operated by Domtar and Rolland Paper Company have been an exceptional case because American producers took over their local markets while their mills were strike-bound in 1975-76.

These "invaders" were hard to dislodge. Their withdrawal began only when the fast-falling Canadian dollar exchange rate made our market less attractive to them. Restoration of sound market conditions following this conflict is a slow process.

The pulp and paper industry is highly labour-intensive. Including both labour for conversion and its 65 per cent. component of wood cost, the overall labour proportion of total cost is about 44 per cent.

Ten years ago Canadian wage rates were about 7 per cent. lower than the corresponding level in the U.S. pulp and paper industry. Now they are almost 20 per cent. higher. This extraordinary change has stemmed from government policies at federal and provincial levels, from the militancy and intransigance of the unions, and until 1975 a strangely timid attitude on the part of management.

There is no justification in the productivity record for such a heavy burden. Steady progress towards its correction will be one of the key factors controlling future prosperity of the pulp and paper industry in Quebec and Canada as a whole.

A start was made last year in British Columbia, but the first real evidence of success or failure in reducing that differential will come from settlements to be reached in the important labour contracts due for renewal on May 1, 1978, in the Canadian industry east of the Rockies. Another clue will come from new contracts to be signed a little later in many areas of the U.S. Certainly the industry negotiations in Quebec may give important pointers.

The attitudes and actions of governments, federal and provincial, have posed some serious and unpredictable problems for Quebec's pulp and paper producers. As users of a natural resource, the industry is more than normally subject to government jurisdiction, particularly since so much of the wood and water comes from Crown lands belonging to the people. Resources, of course, are a provincial responsibility, but the industry is also subject to over-riding policies and actions at the federal level.

Differential

But in general the near-loss of control of the rate of increase in public sector wages and salaries, pensions and fringe benefits, has played a critical role in the widening differential between Canadian and American pulp and paper industry wage levels. Governments for the past two years have been trying to reduce the increase in public sector wages through the Anti-Inflation Board controls system, but it is a slow process.

The 10 per cent. devaluation of the Canadian dollar against the American dollar last year has brought only a small compensation for the effects of that wage differential in the industry.

In Quebec, the election in November, 1976, of the Parti Quebecois Government dedicated to separation and with clearly "Leftist" leanings was a shock to the industry. Initial anxiety was not relieved by the Government's decision to raise the minimum wage to the highest level in North America and the French Language Charter's restrictions on the use of English in business and education.

The withdrawal of head offices and departments of major corporations from Quebec has not affected the pulp and paper industry in Quebec generally. Most of the companies have indicated their intention of remaining in the province. For one thing, a well located paper mill is one of the more permanent and long-lived industrial plants. And French-speaking Canadians have played an increasingly prominent role in the industry.

Aside from political troubles, immediate prospects for the industry in Quebec are relatively good. For the newsprint mills, accounting for more than half of total volume, the outlook is excellent. They are expected to operate this year at around 95 per cent. of rated capacity. The $15-a-tonne price increase generally effective at the end of the first quarter should offset most of the expected cost increases. Gains on foreign exchange should be greater than last year.

The expected increase in the operating rate to 95 per cent. from 91 per cent. in 1977 is based on continued growth in U.S. demand, and a modest increase in shipments overseas in response to improved business conditions.

There will be idle newsprint capacity in Scandinavia, where operating rates are expected to be around 75 per cent., but sales in the relatively low-priced U.S. market are unlikely. No new machines are due to start up in North America until late in 1979 — when three are due on stream in the U.S. If demand continues to expand at recent rates, the new tonnage may be needed to avert a shortage, particularly as one of the new machines is intended to serve the Japanese market.

For Quebec mills making other finished products, prospects are mixed, depending largely on economic conditions in Quebec where most of their output is used. Both economic and political uncertainties at present suggest the outlook may not be good.

Product

Little if any improvement is expected in market pulp for 1978, but this is not an important product of the Quebec mills.

Subject to solutions of the political problems in both Quebec City and Ottawa, long-term prospects of the Quebec industry look very good indeed. Continued growth of demand is almost axiomatic, particularly for newsprint, because of the remarkable improvements in productivity and in the profitability of newspapers.

The mills, except for some very old and small ones, are generally far from obsolete. Although many are old, they are mostly well built, well maintained and candidates for expansion.

Additions to capacity can be obtained by improvements to existing plants at about half the cost of new construction. These increments frequently come from substitution of twin-wire paper-forming devices in place of existing fourdriniers and from new pulping processes in place of stone grinders.

Much of the forest land of Quebec, called the "bush," is rough country. The immense Côte Nord on the North Shore of the Lower St. Lawrence is typical. Jacques Cartier scathingly called it "The Land that God gave Cain." Ornithologist J. J. Audubon said it "was poor, miserable, rugged country . . . but wonderfully grand . . and terrific."

Neither realised the true value of the Northern Quebec bush as a source of high-quality pulp wood. The trees grow very slowly and never get very big. But the dominant species, the black spruce, produces pulp of a quality unsurpassed anywhere in the world.

These forest areas are never likely to become suitable for growing food crops. As world population continues to expand many areas now growing trees will be affected by the much greater yields available from food production. The first step will be more costly wood as the value of these lands increases, and already this is happening in the Southern U.S. Later the wood crop will decline.

The Quebec bush will continue to grow trees, certainly in greater volume and probably faster as silvicultural processes improve. Experts calculate the annual growth in wood in Quebec's vast forest areas of about 150m. acres is nearly double the current depletion rate from all causes, including forest fires and pests.

Adequate wood supply seems assured indefinitely for the industry, even with the expansion that will occur as product values rise and demand grows. So the long-term outlook is good but that is no guarantee against cyclical disturbances.

Murray Savage

Mr. Savage was secretary and manager of the Newsprint Association of Canada from 1939 to 1969, and is now a consultant specialising in paper and forest products.

Difficulties in construction

IN A normal business cycle, the Montreal area would by now be gearing itself into another round of construction—commercial and retail accommodation, high-rise apartments and suburban housing. And this would entail ancillary public works like roads and sewerage. But Montreal's skyline is still empty of the tall cranes and the rising steel and concrete frames for new towers which for years have been a symbol of a bustling and confident commerce.

Most new construction is originating with government. The largest part is the continuing development of the hydro-electric potential of the rivers flowing into James Bay. Hydro Quebec last year spent $1.2bn. on the project, $825.3m. of it on construction and supply. This year it is budgeting for an overall expenditure of $1.9bn. with $950m. for construction and supply.

Agreements

More funds are being moved into construction by way of federal-provincial agreements. Among the newer projects are $40m. for renovation of the port facilities at Quebec City and upwards of $1bn. for roads and similar projects now out for tender.

But these and other activities are well short of fully employing the available equipment and manpower. The shortfall is most apparent in the Montreal area which has commonly accounted for about half of the province's $8bn. in construction activity.

Housing permits in the Montreal area are now running some 40 per cent. below 1976 levels, a reflection of rising vacancy rates. Of the new housing units completed by March of last year, 17 per cent. were still empty as the year ended.

A factor here, as with all other construction, has been the net migration out of Montreal of some 30,000 to 50,000 people. At the same time, the overhang of older houses is growing. The relocation of a major head office can mean as much as 1,500 houses coming into the market. This is reflected in turn by marked price falls. Houses in the $30,000 and upwards range have suffered the most, with asking prices having to be trimmed by as much as 30 to 50 per cent. to complete sales.

The reduction in industrial and commercial construction in the Montreal area is even more pronounced. The value of industrial construction contracts in metropolitan Montreal is running some 50 per cent. below boom time levels. Commercial construction is down 15 per cent.

For the Montreal area as a whole, the falls are much larger at some 80 per cent. and 50 per cent. respectively. If the value of contracts let is adjusted for inflation, there has been a reduction of 90 per cent. in industrial construction and 55 per cent. in commercial construction.

The federal Government has broken ground for a proposed large office complex in Montreal, the $100m. Guy Favreau complex, but there is no construction activity as yet. There is some suggestion that Ottawa is using this and other projects to wean citizens away from the Quebec Government. Yet the federal Government would have some difficulty in explaining a $100m. investment in new office space for itself in a province that might leave the confederation.

Another federal project is the $80m. programme for renovation of Montreal's port facilities, but, like the Guy Favreau complex, no start on construction has yet been made.

Programme

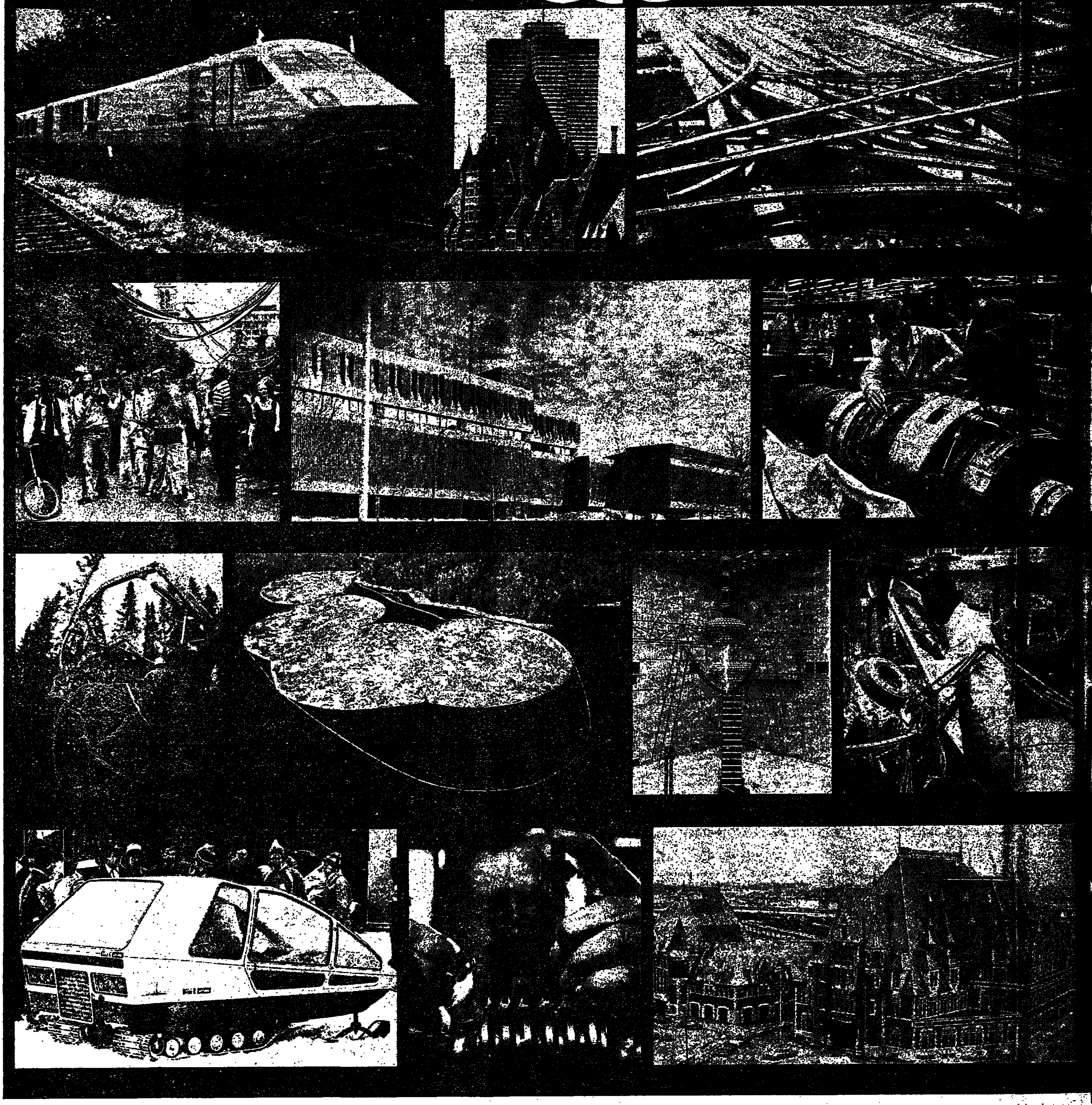
Outside Montreal, construction is continuing on a $2bn. heavy water plant, an integral part of Canada's nuclear power development programme. Other major projects include a $200m. expansion of Aluminium Company of Canada facilities on the Saguenay and a large pulp mill at St. Felicien in central Quebec.

Sidbec, the Quebec Government's steel mill, is also expanding its facilities but the extent to which expansion can be carried through is open to question while Sidbec is losing money. Hydro Quebec also expects to put $450m. into transmission lines which will eventually feed James Bay power into central markets.

These projects fall well short, however, of making up the declines in private investment elsewhere. Unemployment in the industry has topped 25 per cent. and is still rising. The Quebec Government is expected to feed more funds into housebuilding but with the market for new housing as soft as it is contractors are not optimistic the funds will become quickly available.

John Meyer

QUÉBEC...



Québec au naturel

To say that Quebec has undergone substantial change in the past few years would be an understatement.

The population, eighty per cent. French-speaking, has never been more aware of its cultural identity. There is a new energy and a spirit of regeneration that manifests itself in Quebec's internal development and in the way the Province is reaching out to the rest of the world.

But Quebec is more than an environment embodying an emerging culture. In its economic and technological structures and, to some extent, in its very lifestyle, Quebec is North American.

To start with, Quebec is big. With an area of 1,540,000 square kilometres, it could qualify as immense. It is larger than the combined areas of Germany, France, Belgium, Holland, Switzerland, Austria, Denmark and Luxembourg. In population, however, Quebec is smaller than many of these countries, with just six million people, most of whom live around the St. Lawrence River. Fly over Quebec and you get the feeling of an endless succession of forests dotted by bright, clear lakes. In fact, there are over a million lakes.

To date, it is safe to say that the greater part of the Quebec landscape has been only partially explored. But those areas which have been explored have proved to be exceptionally bountiful and especially rich in mineral deposits. Quebec is already the world's major producer of asbestos, supplying fifty per cent. of world demand. Quebec is also Canada's leading producer of zinc, bismuth, selenium, tellurium, mica, peat, steatite, fledspar and colombium. In addition, Quebec is rich in iron, copper, silver, gold, molybdenum and cadmium.

Quebec's waterways are just about as rich in their yield as the land, and because of its numerous rivers, the province is famous throughout the world as a producer of hydro-electric power. In 1976, Hydro-Quebec had net revenues of $311 million. At the same time, Quebec hydro is power that has brought benefits to the people. A residential customer in Montreal who uses 1,000 KWH in a month pays only $19.05, while his New York counterpart pays $81.07, more than four times as much for the same 1,000 KWH. Quebec's vast hydro-electric network has already given birth to the most prestigious aluminium producing plants in the western world. With the development of the James Bay area 10.2 megawatts will be added to Hydro-Quebec's capacity. Even now James Bay is the most important hydro-electric development in North America and one of the world's largest construction projects.

That is a brief outline of two of Quebec's major resources—hydro-electric power and mineral wealth. Other more immediately evident resources are Quebec's vast forests, a source of raw material for the pulp and paper industry which has been vital to Quebec for years and is still growing.

Quebec has the skilled manpower necessary to extract and utilize its abundant natural resources. The work force is well qualified and well organised. Examples of its industry and ingenuity are the Manicouagan hydro-electric complex, Expo '67, the Montreal subway and the mammoth James Bay complex already mentioned.

Quebec has impressive air, sea and land communications. There are in all 5[illegible] airports. With two international airports at Montreal (Dorval and Mirabel), and one at Quebec City, Quebec is the eastern gateway to the rest of Canada. In 197[illegible] alone, these three airports handled 1[illegible]9,942 tons of cargo. The St. Lawrence River, one of the world's major seaways, provides an artery to much of Canada and the heart of industrial America. Montreal, North America's largest interior oceanic port, is open all year round. In 1976, Quebec's 33 main ports handled more than 106,000,000 tons of cargo. To serve its ports, Quebec has a vast network of highways and railways. Both of Canada's major railway companies (Canadian National and Canadian Pacific) have their headquarters in Montreal.

Quebec is also a frontrunner in telecommunications. Montreal is the main Canadian routing centre for inter-

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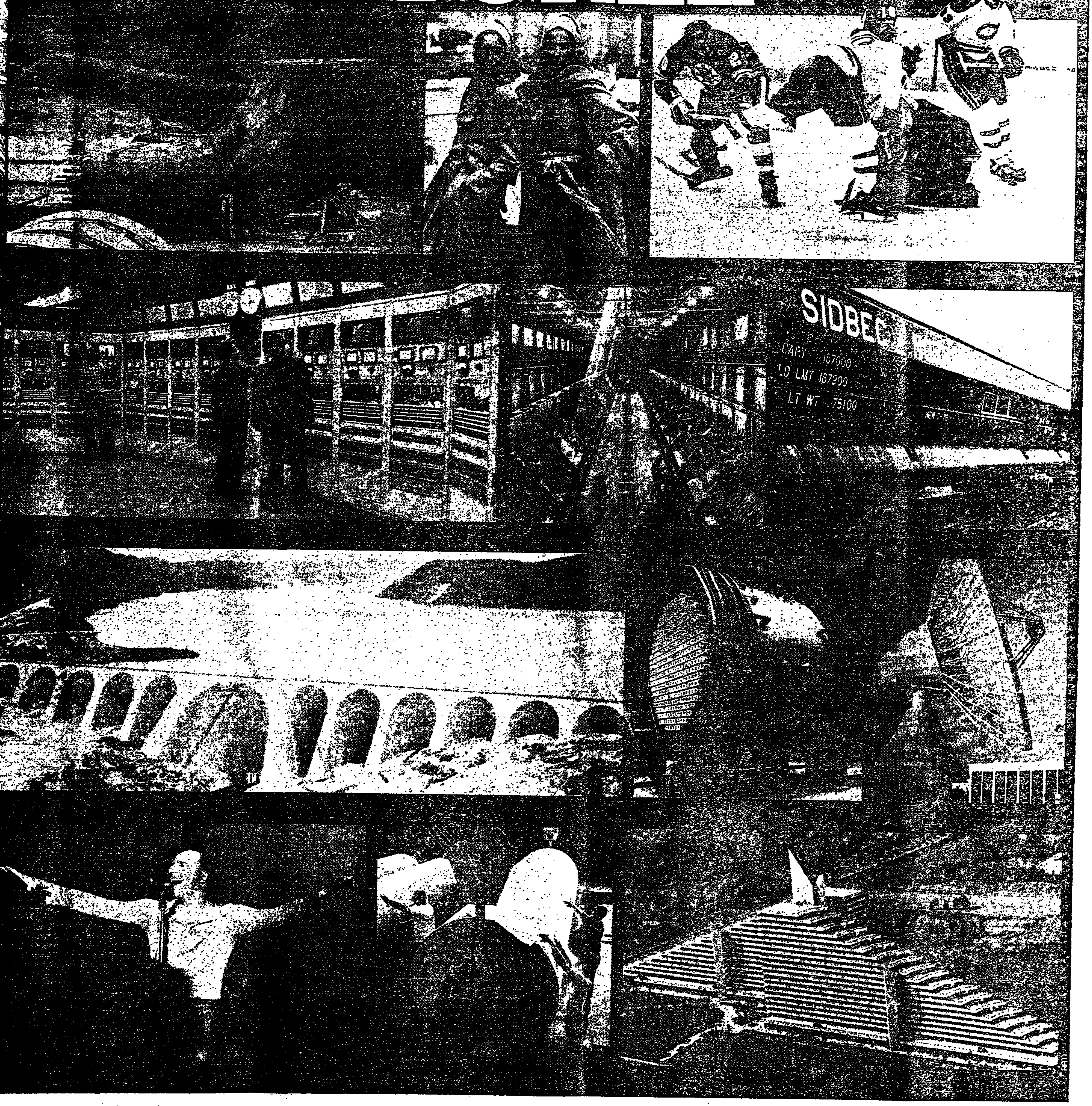


ıtional communications and is con-ected with some 200 countries. ecause telecommunications com-ınies in Quebec are progressive in ıeir outlook, equipment manufactur-g and research programmes are ontinually expanding.

ooking at Quebec's manufacturing ility judged by international andards, the province has an excel-nt reputation for shipbuilding and for e production of railway and subway ırs. Quebec is also making a name r itself in the production of aircraft ngines, automobiles and radar equip-ent. Pratt and Whitney gas turbine ngines produced in Quebec are widely sed around the world, while Cana-air's executive jets are enjoying great uccess.

uebec is a buoyant manufacturing nvironment, but its potential has arely begun to be tapped. At the pre-sent time, manufacturers' products count for only 30 per cent. of Quebec's exports. Allowing for government encouragement through technical and commercial aid, specifically in the establishment of advanced technology as well as in the area of local trans-formation of natural resources, and adding the impact of private invest-ment, it will be seen that the 30 per cent. export figure is ready to mush-room.

And there is more to Quebec than has so far been written.

Quebec is a province dedicated to learning. The educational system includes the French language universi-ties Laval, Sherbrooke and Montreal. "L'Université du Québec" is a univer-sity with its campuses spread through-out the province's seven largest urban areas. It accommodates regular students as well as permanent research services and vast adult educational programmes. McGill University in Montreal is internationally known.

There are, in addition, more than 40 colleges (CEGEPS) offering pre-univer-sity courses as well as specialised train-ing courses. The "Hautes Etudes Commerciales" and "Concordia" specialise in commerce and business administration.

So far we have described Quebec at work. Let us now look at Quebec off duty. In theatre, music, dance – all the performing arts, the province is vibrantly alive. Riopel, Borduas, Claude Léveillée, Gilles Vigneault and Charlebois are just a few of the Quebecois names which come quickly to mind.

And Quebec has its sports. If you like to participate, Quebec is your kind of territory. It is a paradise for devotees of hunting, fishing and both Alpine and cross-country skiing. For spectators there is a wide variety of eye-appeal-ing, exciting sporting pastimes to choose from. Ice hockey tops the list. Major league baseball is very popular. Remember too the '76 Montreal Olympics. When it comes to sport, Quebec has much to offer.

Quebec can also both excite and feed you in fine style through its night-life and wonderful cuisine. Gourmet restaurants, discotheques and other show places abound.

In the field of communications, both internally and in reaching out to the rest of the world, Quebec has available a wide range of media. There are three television networks, 85 radio stations and 175 newspapers and maga-zines to serve its six million residents. Radio Canada is one of the world's largest producers of French language television and radio programmes while the English language is also well repre-sented through the numerous Canadian and American media which operate in the province.

So much for the Quebec scene gener-ally. In more specific terms the pro-vince has much to offer for those whose interests are financial, technical or scientific – who may be looking to the North American continent with invest-ment or other business developments in mind. The 'Délégation Générale du Québec' at 12 Upper Grosvenor Street, London W.1. (tel. 01-629 4155, telex 261618) is responsible for the whole of the Great Britain area, Eire and the Scandinavian countries, and covers Trade and Industry, Immigra-tion, Information and Tourism.

Gouvernement du Québec

Tough times for mining

QUEBEC'S MINING industry went through one of its toughest years in 1977. Prices of copper and zinc tumbled, and the iron ore mines, a pillar of the industry for the past 20 years, were faced with rapidly escalating costs and sluggish demand.

The one ray of sunshine was gold. The price of the metal was recovering, and this trend was confirmed at the February, 1978, International Monetary Fund auction—when a price of $U.S.175 an ounce was set.

The asbestos industry, too, though going through a political crisis, was posting record profits.

Early in 1978, all these tendencies have been confirmed by the behaviour of world markets and the actions taken by politicians. Quebec's five gold mines will have a good year, helped by devaluation of the Canadian dollar. One or perhaps two new mines may well come into operation in the next 18 months in the Abitibi area of the Northwestern Quebec mineral belt.

Persistent uncertainty about the intended Government takeover of Asbestos Corp. from General Dynamics of the U.S. is holding the company back from a decision to go underground and expand capacity at its Asbestos Hill mine in Ungava, in the far north-east of the province.

The outlook for zinc and copper is so uncertain that most mines have cut production or have had to close down temporarily. The Quebec Department of Natural Resources is giving financial assistance to an old copper producer, Campbell Chibougamau Mines, in the Chibougamau area north of Quebec City. The company has been faced with a declining market, and has low-grade reserves.

The iron mines in Quebec and Labrador, apart from the difficulties caused by the world steel industry recession, face a serious strike threat. Labour contracts expired at the end of February. The companies are still caught in the trap of escalating costs and declining demand at a time when the unions are threatening new and major wage demands.

Sidbec-Normines' Fire Lake iron mine at the southern end of the Quebec-Labrador Trough, and the pelletising plant at Port Cartier, on the St. Lawrence, together costing more than $500m., have started up production. This project, controlled by Sidbec, the Quebec Government-owned steelmaker, with British Steel Corporation as a major partner and U.S. Steel Corporation as a minor, may well be the last big investment in the region for many years.

With the worldwide overcapacity in steel, the price of iron ore pellets is under pressure. Yet the producers, Iron Ore Company of Canada, Quebec Cartier Mining (U.S. Steel Corporation), Sidbec-Normines, Wabush Iron (Canadian controlled) and Quebec Iron and Titanium (Kennecott) have had to sustain a fivefold rise in energy costs in the past three years. The proposed 55 per cent. increase in St. Lawrence Seaway rates will help tip the scales in favour of their Michigan competitors.

The Quebec and Labrador mines together will have yearly capacity of 40m tonnes (concentrates equivalent). Inventories are now estimated at around 11m. tonnes and with the start of the shipping season strong efforts will be made to get those down.

Emphasis

The United Steelworkers represent about 12,000 workers in the mines and mills. They will seek more pay, but the emphasis will be on job security and compensation for layoffs.

The companies have invested in some of the largest and most productive mining and milling machinery in the world iron ore industry.

This applies particularly to Quebec Cartier Mining with its $500m. Mount Wright operation.

Now that the expansion phase is over, labour costs will have to be contained if the iron mining region is to contribute fully to the province's economy. The harsh climate adds to all costs.

The main emerging competitor, Brazil, has perhaps larger accessible reserves, and the average grade being mined there at present runs to 66 per cent. iron content against the 35 per cent. of Quebec-Labrador.

One central issue in the Quebec mining industry has been the provincial government's intended takeover, through its new Société Nationale de L'Amiante, of General Dynamics' 54.6 per cent. controlling interest in Asbestos Corp., Quebec's second largest producer, which exports most of its production to Europe and many places elsewhere.

Both sides are now going through the process of valuation of the Asbestos Corp. shares, and the Government has indicated it would make the same offer ultimately to public holders as it makes to General Dynamics. Kidder Peabody and Co. of New York is advising the Government, and Lazard Frères, also of New York, General Dynamics. Many observers believe the negotiations will be protracted — General Dynamics is believed to be asking around $60 a share (say $140m. for the entire stock)—and there may yet be legal points at issue.

The uncertainty over Asbestos Corp. is holding back a decision on the Abitibi Asbestos project of Brinco (owned by Rio Tinto Zinc Corp.) and which now has a price tag of well over $300m. in current dollars. The Government has indicated it might wish to have an equity interest.

However, the whole issue of environmental standards in the mines and mills has not yet been settled, despite a major government study. This would potentially affect the capital costs of any new asbestos development.

Of the five gold producers, the oldest, the Lamaque division of Teck Corporation, is producing still after officially announcing its intention to close more than a year ago. This low-grade producer is making money at the present price level of around $US175, with the gain on exchange from devaluation of the Canadian dollar. This becomes a realised price of around $Can.190 an ounce.

Two new small producing mines are being considered. One is Silver Stack Mines, a joint venture of the Government-controlled Société Québecoise d'Exploration Minière (SOQUEM) and the Little Long Lac Gold Mines group. A feasibility study is under way. Reserves have been shown of 3.9m. tonnes, grading an average 0.16 ozs gold per ton. The deposit can be mined by open-pit methods.

Darius Gold Mines, backed by the London-based Consolidated Gold Fields, is considering start-up on a property in the same area on the basis of 200 tonnes daily milling rate. Other candidates for possible future development include Goldhurst Resources, controlled by SOQUEM, Dumagami Gold Mines, controlled by the Noranda group, and Thomson-Bousquet, optioned to Little Long Lac.

Belmoral Mines and Les Mines Bras D'Or are looking for financing to develop two small properties in the Val d'Or area.

Sinking

Copper and zinc have long been the basis of the large Quebec non-ferrous mining and refining industry. But metal prices have been sinking because of mammoth inventories and slack international demand. Some low-grade mines would have had to close permanently, except for Government help.

Quebec Premier Levesque has joined those asking the federal Government to finance stockpiling of copper and zinc until demand once again comes out of the trough, but Ottawa is not likely to go along with this. Any such plan would have to apply to all metals in oversupply.

The Noranda-owned copper refinery in Montreal and zinc refinery at Valleyfield, outside Montreal, are operating at 60 per cent. capacity at best. The big zinc producers, Orchan and Mattagami Lake, also Noranda-controlled, have also cut back mine output severely.

But a smaller producer, controlled by SOQUEM and also located in Northwestern Quebec, was forced by the Government to remain open after announcing its intention to close.

The copper mining and smelting areas, Rouyn-Noranda in the north west and Gaspé in the far south east, have also cut back operations severely with serious layoffs of employees. The Quebec Government made an agreement with France to take Quebec copper at a price above the current North American producer price of around 58 cents a pound, but it is not clear what effects this will have on the immediate inventory crisis.

But the Gaspé operation of Noranda, working low-grade deposits, claims it needs to realise 70 to 72 cents (Canadian) a pound to break even.

The Government has moved to help Campbell Chibougamau Mines in the Chibougamau mining district north of Quebec City maintain development of reserves at two low-grade mines. The company will get a $900,000 loan at 5 per cent. annual interest.

While several small non-commercial finds of uranium have been made in Quebec in recent years, both on the Laurentian Shield north of Montreal, in the James Bay area, and on the Lower St. Lawrence North Shore, no actual development work is going on.

However some exploration work will continue in many areas of the province for uranium, mainly by large companies, often international, in co-operation with such para-Government agencies as SOQUEM and the James Bay Development Corporation.

Such large energy companies as Imperial Oil (Exxon) and Royal Dutch-Shell, through subsidiaries or associates, are getting deeper into metallic minerals on a Canada-wide basis. Though one of their immediate preoccupations is western coal, they are also spending exploration money on uranium, and Quebec remains generally within the scope of their operations.

Quebec also remains the only Canadian province producing columbium pentoxide for the steel industry. The first columbium mine near Montreal ran into financial difficulties and was shut down. It was replaced by a new mine near Quebec City which is operated successfully as a joint venture of SOQUEM and the Teck group of Toronto and Vancouver.

Generally 1978 will be a tough year again for mining in the province, and there seems little hope of improvement in activity till the big stocks of copper, zinc and iron ore are worked off as world economic growth recovers.

Jacques Forget

Aluminium set for growth

ALUMINIUM CAME to Quebec 77 years ago as a "wonder metal," soon after the U.S. and Europe had learned to make it by an economic process. Canada's first aluminium smelter, with 1,000 tonne annual capacity and a workforce of 100, was built at Shawinigan on the St. Maurice River, nearly 100 miles north-east of Montreal, where electrical energy had already been developed for several pulp and paper mills.

To-day Quebec remains the centre of the aluminium industry in Canada, and the Arvida-Jonquière smelting plant with around 400,000 tonne annual capacity is still the world's largest.

After the slowdown in world demand due to the 1973 energy crisis and serious strikes in Alcan Aluminium's main Quebec smelters in 1976, the industry is embarked again on the next round of expansion and modernisation—though with caution. There is now reasonable hope that cost factors can be controlled, all outstanding issues appear to have been settled with the Parti Quebecois government, and the transportation market, both in Canada, the U.S. and elsewhere, is showing strong growth.

The industry is doing its planning on the basis of world market growth averaging from 4 to 5 per cent. over the next few years—a figure reduced somewhat from the rather hopeful estimates being made a year earlier.

But as the 1970s draw near their close, the two major producers in Quebec, Alcan and the Reynolds Metals Canada group, are determined that capacity should be kept more in line with demand than in the 1950s and 1960s to keep prices more stable.

For one thing, Alcan has on its hands the long-term $1bn. task of renewing its Saguenay system smelters. A start has been made on a new 63,000-tonne potline at Grande Baie, on the Saguenay river below Arvida, and investment there this year will be nearly $100m. It is also expanding its fabricating plants.

Reynolds Canada, with its 190,000 tonne capacity smelter at Baie Comeau, on the North Shore of the St. Lawrence about 500 miles northeast of Montreal, and recently expanded fabricating plants in the province, is known to be considering another potline in relation to its North American needs. However, there has not been any word of a go-ahead.

Aluminium plays a key role in the Quebec economy, and as Patrick Rich, Alcan's new executive vice-president in charge of North and South American operations said recently the Quebec Government fully realises this. The company has negotiated new water rates for its captive 3m. kW of hydro power, requiring payment of several million dollars a year to the provincial government. The water taxes have been indexed to the Hydro-Quebec (provincially-owned) base industrial rate.

But while several Ministers have from time to time kept up the pressure on Alcan to do more fabricating in the province, the company is taking it "in good faith," as Mr. Rich puts it, that government policy does not envisage nationalisation of captive power or any other operations.

Cheap

It means that Alcan looks ahead to continued access to cheap power, usually estimated at between 0.2 and 0.3 cents per kWh. Reynolds, which buys its power from Hydro-Quebec, because of government industrial policies, can also rely on cheap power.

Energy and water transportation for incoming raw materials, mainly bauxite and oil, brought aluminium to the Saguenay area. Aluminium was already a growth industry when the little smelter started up at Shawinigan just after the turn of the century. But the power and transportation resources available there were not enough.

Albert W. Whitaker, who began his career with Alcoa of the U.S. and moved up from its Massena, NY, plant to Arvida in 1926 for the start-up, tells in his memoir "Aluminium Trail" what the strategy was.

"Low-cost power at tidewater was a primary consideration (the Saguenay, 600 feet deep in places, is fully tidal up to Chicoutimi) . . . but nearly as important was the insistence of the British Government that British Guiana bauxite must be processed into alumina and aluminium within the British Empire, and any further bauxite leases were contingent on this.

"This caused Arthur Vining Davis (founder and builder of Aluminium Company of America) to dream of an British integrated aluminium industry paralleling the great American aluminium industry based on Guiana bauxite, Canadian hydro power and U.K. fabricating plants to supply the large British market.

"The dream was realised in the 1930s and lasted 40 years. The Guiana bauxite part of the triangle ended in 1971, when Guiana nationalised Demerara Bauxite (an Alcan subsidiary) . . ."

Alcan, with the world aluminium industry, has changed greatly in the past decade. It is now Canada's most truly multinational company (with Massey-Ferguson) and has built up a world-wide raw materials, smelting and fabricating system of which the Quebec operations are only part—though highly important.

The separation from Alcoa was completed in the late 1920s and in recent years a majority of Alcan Aluminium's stock has been held by residents of Canada. In Quebec, Alcan employs around 12,000, including head office staff at Montreal, or two-thirds of the Canadian total. Reynolds employs around 3,000.

Alcan's four smelters in the province represent an annual capacity of nearly 700,000 tonnes of ingot metal. Its metallurgical research operations are based at Arvida. At Jonquiere it manages Canada's largest inorganic chemical complex, which includes two alumina plants, fluorspar flotation plant, dried alumina hydrate facilities, and sulphuric acid, carbon, aluminium fluoride, aluminium powder and recovered cryolite facilities.

Most of the output is used in the company's own plants and smelters, but aluminium sulphate is made for water purification and for the pulp and paper industry. Special aluminas are sold to a variety of industries.

Alcan does hot and cold rolling at Arvida, operates one of the world's most advanced continuous casting systems and has one of the most modern rod mills. It is making cable for the James Bay power distribution system near Quebec City, and construction, building and leisure products at many plants

CONTINUED ON NEXT PAGE

Aircraft and ships

THE AEROSPACE industry in Quebec, after several years of doubt and decline, is on the way up. But shipbuilding, which has managed to live on quietly with the help of federal subsidies and foreign orders for standard multi-purpose freighters and medium-sized bulk carriers, is facing another cross-roads.

The optimism in aerospace stems mainly from the Canadair Challenger, the twin-jet second generation business aircraft based on the original concept of William Lear, the American designer and developer of the famous Learjet. But there is encouragement also in the offset orders totalling around $1bn. which will follow Canada's decision to buy the Lockheed Orion reconnaissance plane—renamed the Aurora. For Quebec plants the spin-off will be significant.

Offsets

Also within the next few months the federal Government will have to make a decision on a fighter replacement. Whether the U.S. aerospace industry gets the nod, or the Europeans with the Panavia Tornado, there will again be significant offsets running perhaps to more than the Aurora programme. In both cases, the electronics and other high-technology systems for the planes will be largely made in Canada—in some cases in the Quebec plants of international companies.

Quebec is also home for the flight simulator operations of the CAE Industries Group. This company has had remarkable success in international sales of simulators, and with $10m. of orders just signed with the Moroccan Government, its plant will be busy for at least three years.

Montreal was for many years the base for aerospace production in Canada, though Toronto developed the ill-fated Arrow fighter in the late fifties, and later, through McDonnell Douglas and Lockheed, played a strong role in airframe parts manufacture for the big commercial jets of the sixties and seventies.

The Canadair plant in Montreal, developed largely for World War II demand, prospered for 15 years or so building fighters to basic American designs for the Canadian Armed Forces and for European countries. At one time it employed nearly 10,000.

With the rise of the European aerospace industry, and Ottawa's severe cuts in defence spending in the late sixties, Canadair went into steep decline. The workforce was down to about 1,600 in 1976. Ottawa had begun talks with General Dynamics in 1974, with a view to repatriating control. At first Ottawa toyed with the idea of a Canadian private sector group buying control, but in the end the Government itself bought Canadair for about $32m. and backed a development programme for the Challenger jet with $125m. in loans and guarantees

It was still regarded as a highly competent airframe builder, and had been making parts for the McDonnell Douglas F-15 and panels for the fuselage of the Boeing 747 special performance version. It was specialising in building drones for the NATO forces, in conjunction with West German and French companies. It had got into advanced transit systems prototypes, and was steadily producing its CL-215, the amphibian waterbomber designed for forest firefighting, with another version for freight and reconnaissance in countries having few airports. About 50 have been built, and sales continue in dribs and drabs.

But the white hope of Canadair is the Challenger. The prototype is due to fly next month and first deliveries start in the second quarter of 1979. Orders and firm commitments now total well over 100. Break-even is about 135.

Canadair claims a great deal for the Challenger—and its American competitors are saying it will be worth the price only if it performs right up to specifications. Federal Express, the U.S. courier service, anchored the project with an initial order of 25.

The wide-bodied aircraft carries from 14 to 33 passengers, depending on configuration. Range is 4,600 miles, and its super-critical wing and Lycoming turbofan engines enable it to cruise at 50,000 feet at 528 mph. A 40 per cent. gain in fuel efficiency is claimed. Federal gets the first planes for a basic $4.5m. each, and later models rise to $7.5m. A stretched cargo version is being considered.

The programme has lifted Canadair's employment to over 2,500—but the largest single employer in the Quebec industry is Pratt and Whitney Aircraft Co. of Canada (P. and W.), controlled by United Technologies of the U.S. This company is doing $250m. plus-yearly in jet-engined and related business and is the world's largest producer of turbo-prop aircraft engines. They are used in small business jets, the well-known De Havilland Canada Twin Otter, the DASH-7, and for industrial uses.

Its Montreal plant now has a payroll of well over 5,000 and its engineering department numbering over 800 is the largest of its kind in Canada. It has a large business engine and helicopter overhaul.

Rolls-Royce Canada, at Montreal, has increased employment to 900 recently as its jet repair and overhaul business has done well in terms of domestic and foreign customers. Both Rolls-Royce and P and W are competing in the heavy turbine field—for pipeline compressor station business particularly. P and W may well supply aircraft-type turbine power plants for the proposed Dome Petroleum Arctic icebreaker. In this case the engines would be made in the U.S., but with significant Canadian content.

Costs

In shipbuilding, high costs have been a problem in Quebec for nearly 20 years. Only two shipyards remain—Davie at Quebec City and Marine Industries at Sorel near Montreal. One shipyard was closed in Quebec City ten years ago and Canadian Vickers in Montreal got out of shipbuilding to concentrate on repair and custom engineered products, especially for nuclear power stations, and transportation equipment.

Marine has kept its business afloat by making a series of 17,000-ton freighters and container vessels, sold mainly to France, Algeria, Greece and recently Poland, with government export financing. It now faces a slowing down in demand.

Davie has built several 80,000-ton bulk carriers for the Tate and Lyle group, and also builds and converts Great Lakes carriers. It has one major conversion to do, and afterwards faces slowdown.

Domestic orders are now rising, as the Government speeds up programmes to build ferry vessels and other specialised ships. Orders will be going out for a frigate replacement programme, though there is strong competition from the West Coast for this work.

Davie is bidding (against Saint John Dry Dock at Saint John, New Brunswick) for the Dome Petroleum Arctic icebreaker with 150,000 h.p. aircraft-type turbines. Cost is around $150m., and this would provide a great deal of specialised work in machine shops. Ships of this size cannot be handled at Marine because of lack of water depth.

Beyond this, Davie says it can adapt its yards and machine shops to build 125,000 cubic metre icebreaking LNG carriers of the type required for the Arctic Petro Carriers Project to bring LNG from the new gasfields on Melville Island via the Northwest Passage and the coast of Labrador to the proposed Tenneco terminal at Saint John. The decision on the LNG carrier system will not be made till early autumn.

Davie would have to spend about $70m. on its yard to build such ships, and it would again compete with Saint John Dry Dock.

In the longer term the Quebec shipbuilding industry can only continue in its present form if it can get a basic level of domestic orders and manage to specialise in certain types of vessels for the world market. Its capacity represents only about one per cent. of world capacity—but it is still a large employer in two locations.

Michael Shelton

Threat to tourist revenues

JRISM BRINGS in more 1 $1bn. a year for Quebec, it has become the second gest industry in volume— behind pulp and paper and ad of mining.

or decades, hunters from the . and elsewhere have been ing to Quebec for moose, r and game, and anglers e praised the splendid trout salmon waters. Within a hours of Montreal or Quebec , there is excellent hunting fishing. Further afield there many provincial parks, and those with more time, some the best facilities in North erica is such areas as Lake tassini, north of Quebec , the province's largest lake.

uebec's ski slopes in the rentians and Eastern Town- ps near Montreal and at it Ste. Anne, near Quebec , draw thousands of tourists n the U.S. and Ontario, and re are now trails everywhere cross-country skiers.

uebec City and the St. Law- ce shoreline, the oldest in- ited part of Canada, as much Montreal, now has full lities for summer and winter rists.

n Quebec City and most of smaller centres, the French ieu is unchallenged. In treal, the atmosphere is e international, but becom- distinctly more French as a lt of government policies preserving the French guage and culture.

lontreal is the real trans- tation hub of the province, and retains its importance as an international centre and entry point for travellers from Europe. Its hotels, restaurants, and tourist facilities are among the best in North America, and it has continued Canada's 1967 Centennial Expo in the form of Man and His World—an international exhibition-cum-fun-fair.

Air travellers from outside North America arrive via the new Mirabel Airport north of Montreal, the largest in Canada, while American and domestic tourists use Dorval Airport. The road system now includes a key network of autoroutes, which means that tourists can drive non-stop from Montreal to Toronto or New York in seven hours, Ottawa in two hours, Quebec City in two hours and to the New Brunswick border also in seven hours.

For the past five years, however the province has been wrestling with a multitude of problems that have sent tourist spending into a worrying decline. The number of visitors fell from 4m. in 1972 to 3.5m. in 1976, when tourism was boosted considerably by the Olympic Games in Montreal.

Foremost among the troubles are the highest hotel rates in North America, the popularity of caravans and camper-vans, a new American tax law that no longer allows expenses for conventions outside the U.S. as tax write-offs, and a population that spends more of its travel dollars outside the province than tourists spend in it.

Further evidence of declining tourist business in Quebec City is a major reduction in the horse-drawn *caleche* fleet. In 1976, there were 77 carriages hauling tourists about the ancient Citadel; last summer, only 55.

Disaster

In Montreal, hotelkeepers called 1977 "a disaster." They estimate U.S. visits declined by 20 per cent. "It was the worst summer I've seen in my 25 years in the hotel business," said Reginald Groome, president of Hilton Canada. "And I don't see much improvement in sight this year."

Hotel developers, along with municipal planners, must bear some of the blame for overcapacity in Montreal and Quebec City. Expecting tourism to go up and up, even after the Olympics, they more than doubled Montreal's major hotel capacity in five years.

In 1972, there were 6,500 rooms in the city's major hotels; now there are nearly 14,000. If the delayed opening of the world's largest Holiday Inn on Dorchester Boulevard finally takes place in 1979, this will add 890 more rooms.

Falling hotel occupancy rates have been indicating that first-class hotels in Montreal and Quebec City are charging rates beyond the price range of all but expense account travellers. There has been some discounting and the rates are closely competitive in both cities.

But the industry says the big hotels are burdened by the highest municipal tax rates in Canada. Municipal taxes on a Montreal hotel room average $1,900 a year and in Quebec City $1,700; the average tax in Toronto by comparison is $1,400, in Winnipeg $1,160 and in Vancouver $800.

The industry also grumbles that the provincial government has helped push up operating costs through raising the tax on restaurant meals to 10 per cent. from 8 per cent. and instituting the highest minimum wage in North America.

Hotel and restaurant employees who receive tips are paid a minimum of $2.75 an hour. The scale is simply too much for an industry that depends so heavily on minimum wage personnel, say the hotelmen.

Filling the thousands of hotel rooms is a vital priority for the hotels and the government, which knows the tourist industry cannot bear much more squeezing.

The government hopes it has found an answer in Montreal's proposed $60m. convention centre. Construction is to start next year at the earliest, with completion scheduled for 1981. But hotel owners argue that the proposed site is too far from the heart of the financial and hotel district for it to become a major drawing card.

On the brighter side, the U.S. Congress is considering the repeal of the law that in 1977 ended tax exemptions for expenses on conventions outside the U.S.

The Montreal Convention and Visitors' Bureau estimates that the U.S. law would cost the city $8m. in lost convention bookings over the five years to 1982.

Quebec's slipping tourist trade is a reflection of a general decline across Canada, even though the devalued Canadian dollar means more buying power for Americans and most other foreign tourists. The increase in tourism from overseas recently has not offset the decrease in visitors from the U.S. (Of Canada's 1,049,300 visitors from overseas in 1976, Britain accounted for 408,200. West Germany was the second-largest contributor with 169,300, and France third with 109,700.)

In the hope of bringing back the Americans, Quebec's Minister of Tourism, Yves Duhaime, has increased his advertising budget to $4.6m. this year from $3.2m. in 1977. About $850,000 of it is being spent in the province, to convince Quebecers to stay home for their holidays instead of racing off to Florida in winter and New England or Europe in summer.

Quebec also hopes the federal Government's "See-Canada-First" advertising campaign and the new domestic charter air fares will bring more visitors to the province.

Tourism officials are troubled by the decline of some of the province's main attractions. The Quebec City Winter Carnival, French-Canada's version of the Mardi Gras in New Orleans, has become flagrantly commercial, and attendance has been dropping for two years.

Montreal's Man and His World has had fewer international exhibitors each year in its decade of trying to reflect the glory of the magnificent Expo 67. Attendance in 1977 fell 30 per cent. from 1976 to 3.9m. The huge amusement park and exhibition ground on the former Expo islands is expected to show a $7m. deficit this year.

The $1bn. Parc Olympique in Montreal's east-central area should gradually become a centre for expanding tourism. The Government has decided to complete the 550 ft. mast and removable roof. Already top-league baseball and football events are held in the 65,000-seat stadium, and some international sporting events in the Velodrome and Olympic pool.

The strategy is to concentrate the headquarters of sports organisations at the stadium, and once the roof is completed, it will be available summer and winter for a wide variety of events.

Mayor Jean Drapeau of Montreal is making a bid for the 1984 summer Olympics, if Los Angeles cannot or does not wish to qualify.

In the past two years, the Quebec tourist industry has also been adversely affected by the American bicentennial celebrations and American Government exhortations to persuade Americans to holiday at home. The energy crisis and the rising cost of petrol have not helped either.

While tourists from Europe and Asia are more conspicuous, the chief market from the Quebec industry's point of view must be the U.S. Yet with rising costs of operation, the upper end of the industry has had trouble meeting the tastes of the typical American tourist of to-day. He is younger, travels in groups or buys a package tour, and his stay is brief. That is one reason why convention business is stressed so much.

The industry itself believes it will be a long road back to the more relaxed and profitable days of the sixties and early seventies.

Richard Low

Chemicals look to U.S. market

SPITE THE expansion of nia in Ontario and the foun- ion of a major petrochemical tre in Alberta, Quebec still resents about one-third of Canadian chemical industry.

At present, it is in a hold ition, awaiting stronger wth in the Canadian eco- ny as well as in Quebec's, overy in mining and metals cessing, and the longer term sive target of greater access the big American market.

The industry is located inly in the Montreal and awinigan areas. Both federal d provincial Governments are enly watching the industry, ause some parts of it have ome obsolescent, and growth petrochemicals will almost tainly be held back while new expanded output of nia is absorbed.

From the petrochemical pro- ers' point of view, there is cern about Government rgy planning and the com- ment by Ottawa to bring adian oil prices up to inter- ional levels, while average erican prices may remain er.

The Quebec industry's posi- overall, especially in petro- micals, has improved since two years immediately fol- ing the 1973 energy crisis, returns are narrow. With rise of Sarnia and Alberta, prospects for any significant ansion of petrochemicals in Montreal area do not look ght for the near future.

uch companies as Gulf ada, Union Carbide Canada Shell Canada, the major ylene, polyethylene and sol- ts producers, now look ards the mid-1980s as presenting the next opportunity for growth.

Dialogue between the industry and Government continue on the future of the older acetylene-based plants in Shawinigan. The industry does not see any long-term future for Shawinigan, while the provincial Government still believes there is hope.

The attitude of the Quebec Government, as in other provinces, is that the basic resource being used, whether indigenous or imported oil or gas, or cheap electric power and water, should be upgraded as far as possible into downstream products, in order to achieve added value and the provision of more jobs.

Began

The chemical industry began in Quebec around the turn of the century in Shawinigan, where cheap hydro power was available with water. From these basic resources, an industry based on acetylene chemistry grew up and prospered until recent years.

With the oil age, Montreal rapidly became Canada's largest refining centre. There are now six major refineries and a seventh in Quebec City. From this came an ethylene plant based on oil feedstock. The Gulf Canada operation now has 400m. to 500m. lb capacity. The real issue for the middle term is whether there will be an economic case for expanding that to present worldscale capacity of around one billion pounds.

The Shawinigan plants, now uneconomic, have been saved for the time being by infusions of federal and provincial funds. The industry argues they cannot be continued for more than a few years.

Union Carbide has recently expanded polyethylene capacity in Montreal and also its glycol facilities. The propylene stream from Gulf Canada's ethylene plant goes mainly to the new polypropylene plant of Hercules Canada nearby and also into materials for nylon production and other products.

Propylene from the refineries goes to phenol resins and benzene producers. Some refiners are major producers of solvents.

The industry in Montreal remains largely interdependent with Eastern Ontario. It regards its geographical location as favourable for expansion later, so maintaining its position as one of the three petrochemical centres of Canada. It is watching closely the progress of the GATT talks and the offer by the U.S. to reduce tariffs on petrochemical products (now relatively high) under pressure from Alberta.

The other areas of the chemical industry in Quebec depend greatly on such resource industries as pulp and paper and mining and metals, and the local economy. At the moment the thrust for modernisation and expansion comes from a strengthening pulp and paper sector and changing technology in pulp production.

But again, in these areas government is pushing hard for production of more derivatives.

The U.S. tariff is lower on some of these chemical products, and the expansion of Canadian Industries' chlor-alkali plant at Becancour, 80 miles east of Montreal, to 800 tonnes daily is partly based on the international market. This programme by the Canadian arm of Britain's ICI is costing about $100m. Eventually CIL's old chlor-alkali plant at Shawinigan will be closed.

The product requires large amounts of electricity, and salt. SOQUEM, owned by the Government of Quebec, is planning new salt mines on the Magdalen Islands in the Gulf of St. Lawrence.

CIL remains a major producer in the province of explosives for the mining industry. It is also considering another chemical plant geared to pulp and paper. Kemanord of Sweden is due to start building a $15m. sodium chlorate plant near Montreal shortly. The latter developments are geared to new technology in pulp bleaching.

The possibility of a caprolactam plant, to be built by the Swiss Inventa group, is still believed to be in the talking stage. The government has commissioned pre-feasibility studies on a large soda ash operation in the Gaspe area, 700 miles north-east of Montreal, which would be designed mainly for the U.S. market. But private industry sources do not rate the economics as favourable to success.

Formidable

Overall the chemical industry believes the real growth in the future must come from the petrochemicals side, but the problems of available markets, returns, tariffs and duration of present world overcapacity remain formidable.

The possibility of free trade in chemicals between Canada and the U.S. once again is being talked about freely. But the Quebec and Canadian industry generally prefers to adopt a more tangible goal—greater access to the big American market and the chance to compete on costs.

Robert Gibbens
Montreal Coresspondent

Aluminium

NTINUED FROM PREVIOUS PAGE

ead out between Arvida and ntreal.

ts operations in the uenay are the mainstay of a ulation in the region of ut 250,000. Without ninium the only economic vities would be hydro tric power generation, agri- ure, pulp and paper and ber.

The Reynolds group, besides Baie Comeau smelter, rates a major rolling mill fabricating plant at Trois ières, 80 miles north-east of ntreal, a rod, wire and cable nt farther east, and other rusion and fabricating lities in the Montreal area.

Taken overall, the industry Quebec sells more than half basic aluminium in export kets, mainly the U.S. The mary industry's basic sales ame in the province is run- g at well over $1bn. a year, the amount of ingot con- ted into semi-fabricated pro- ts or fabricated products in province has been growing adily since the end of World r II.

The industry's view is that ther transformation is sible in time, but it must done on the basis of sound rket economics and without sidisation from Govern- nts. With world markets growing again on a long-term basis, an easing in the energy crisis, and better labour relations particularly at the Alcan smelters, it seems the present Government in Quebec is ready to co-operate with the industry.

The industry remains cautious in its appraisal of greater uses for aluminium in cars, while in the domestic area steady new markets are opening up with the development of new types of inter-city trains.

Alcan has had talks with both General Motors and Ford on the possibility of greater use of aluminium-alloy engine parts, which would ideally require location of foundries near smelters to take advantage of the economics of direct hot-metal transfer.

The car companies are known to have been studying more than cast aluminium casings, engine manifolds and sheet body panels—right up to aluminium-alloy engine blocks and chasis members to meet the stringent 1985 North American environmental standards.

However Alcan is saying at this point that the ball is now in the carmakers' park, and final decisions must rest on the total economics of car manufacture.

R.G.

Montreal on a downhill slope

JOG, JOG, JOG: the executive middle classes of Montreal are keeping fit. Up and down the Mount Royal they go, a wooded hill which rises 670 feet above downtown Montreal, and which gives the great city of 2.8m. inhabitants some relief from the starkness of a North American conurbation.

Winding their way up and down along a carriage road, they dodge the occasional horse-drawn *calecho* or, in winter, sleigh — a memento conserved for tourists of an earlier epoch. These are not the only fossils in a city which used to be Canada's greatest and richest, but which has been losing ground steadily to Toronto as a centre of business, and whose cosmopolitanism has yet to be fitted into the pattern of the Quebecois nationalism which has been emerging for at least a generation.

Only a few years ago, before the joggers came, Mount Royal was the haunt of pedestrians, many of them speaking the languages of central Europe. The first joggers, in the first half of the 1970s, were almost exclusively English speakers. Now, as they wheeze by, you can hear more and more French: it is a sure sign that French Canadians have been working their way into the executive grades of Montreal office life.

At the top of the mountain, as it is universally called by the English, there stands the so-called chalet, the Canadian echo of what a mediaeval hall might have been like. It is a restaurant built as a make work project by Camillien Houde, Mayor of Montreal before the war, interned during the war, and triumphantly taken back by his voters when the war was over. Then, as now, the French Canadian community was disinclined to join in the quarrels of the British (and, for that matter, of the metropolitan French). Houde was a prime example—a French Canadian chef who founded his political power on personal loyalties—French Canadian equivalent of the city boss. These men cared little for ideologies, but brought home the bacon for their citizens in the form of public works and occasional circuses.

Pleasure

The current representative of the species is M. Jean Drapeau, the mayor who gave Montreal the world's fair, Expo 1976, which everyone recalls with pleasure because the works were carried out at a time when it was good for the economy; and the Olympics which coincided with a construction boom and came close to wrecking the city's finances. It is the fashion in Montreal to moan about the expense and general tiresomeness of the games. But let there be no mistake. M. Drapeau has not been disowned by the simple folk of French Montreal. The cheer he got at the end of the games is evidence enough of that. He is up for re-election in the autumn, and though the Parti Quebecois loathe him he will be hard to beat.

From the terrace outside Houde's chalet you have a fine view over Montreal. Away on your left, towards the east, it is possible to glimpse the Olympic stadium, at last ready to receive the removable roof which was part of the bold design.

As in so many other cities, the east is the working class district. For many years the authorities have been trying to move the centre of gravity of the city in that direction: the stadium and the extension of the beautifully clean and efficient Montreal metro towards it are part of the effort. It has cost a lot of money, but success has been small. The centre of affairs remains within 1-2 miles of Place Ville Marie, the complex of office blocks with which Montreal was going to catch up with upstart Toronto in the late 1960s. Close by there is St. James Street, once the centre of Canadian banking, now a collection of forbidding 19th and early 20th century palaces through whose corridors power no longer flows abundantly.

And close to Place Ville Marie there is the massive squatness of the building of Sun Life of Canada, the insurance company whose intention to remove itself to Toronto has really focused attention on the so-called exodus from Montreal.

The exodus is part of a North American pattern: in the U.S., too, a place like New York, once the Dorado of waves of immigrants, is losing wealth and stature to cities farther west. But in Montreal the process has been accelerated since the advent of the Parti Quebecois Government in November 1976. In the eyes of English speaking North American businessmen the PQ is socialistic. Moreover it is determined to break the hold English speakers still have on top levels of management in Montreal.

The PQ's chosen instrument in that battle is the language bill, Bill 101, with which it wants to ensure the primacy of French in Quebec. The prospect of having to work in French struck something like panic in many English breasts. When Sun Life first announced its intention to move, it blamed the language law—even though it makes provision for headquarters operations such as that of the Sun Life. The trouble is that seven months after the passage of the law there is no sign of the regulations which alone will tell managements what to expect. However, Sun Life changed its story after some time. It blamed its decision to move on the reluctance of potential clients elsewhere to buy insurance from a company with headquarters in a province whose political future is unclear.

Extreme

The case of Sun Life (which will be decided by a meeting of the policy holders in April, most of whom have no direct interest in the welfare of Montreal) is an extreme one. The federal Government, in the intrests of national unity, has been exerting pressure on the company to stay; the PQ Government has used the occasion to lambast the business establishment in general: it was not difficult to make Sun Life look like an anglo-monster with no regard for plain people, French or otherwise. Others have been more discreet. The Royal Bank and the Bank of Montreal, for instance, have transferred some activities to Toronto; Royal Trust has set up what amounts to a back-up headquarters in Calgary.

To counteract the exodus, the Montreal Urban Community several years ago set up an Economic Development Office which tries to attract new business to the city. It does so both by way of publicity and by acting as a broker capable of bringing together Montreal businesses with others who might be interested in setting up joint ventures. Montreal offers no tax incentives of its own, but federal Canadian incentives are available, and so are injections of both loan and venture capital from the development corporation of the Quebecois government. In spite of their differences, the two Governments do co-operate quite closely in this sphere.

Granted that Montreal has been falling behind the more westerly regions of Canada, the Economic Development Office can still detail a long list of attractions: a port which is negotiable all year round, two international airports, a skilled labour force, a position within one hour's flying time of 80m. rich North Americans, and above all a cosmopolitanism without its equal in North America. French and English are widely spoken (though a visitor will help to gain friends if he makes his gambit in French); there is a large number of people who in addition have preserved the language of their ancestors in Europe, in the first place Italians, but also Greeks, Germans, Spaniards and others. There are French and English theatres, a well regarded ballet company—and housing accommodation galore because of the exodus.

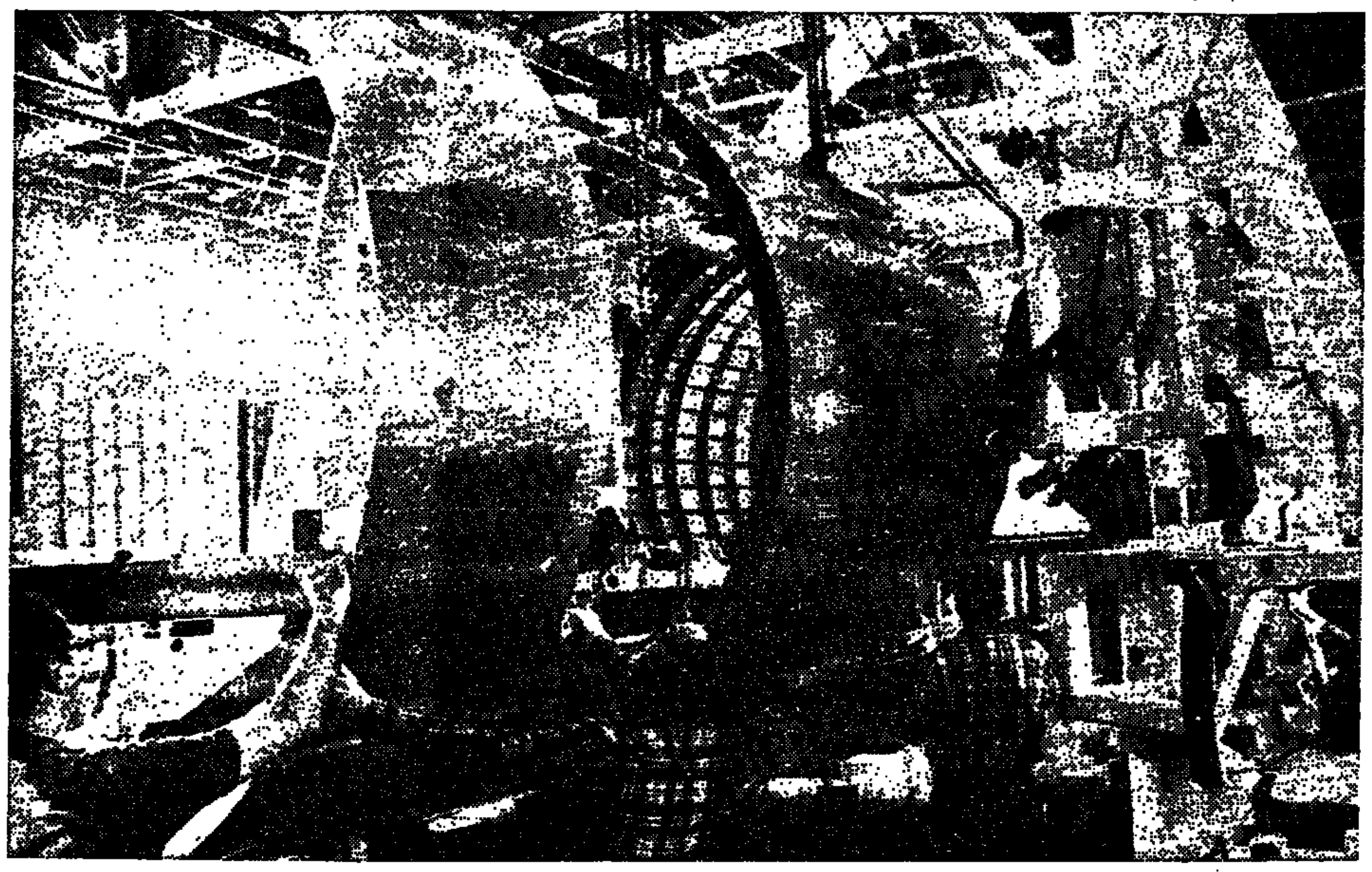
There is a public transport system which works (except during the frequent strikes) and a climate of public order which cannot be taken for granted in urban North America. Of course it has its limits: Montreal is home to Duddy Kravitz, of Mordecai Richler's novel — an unspeakably tough and ruthless second generation immigra from eastern Europe. The have been gangland killings; th number of fires in poor regions is suspiciously high; an drug trafficking is nothin unusual. But in Montreal who does not want to be caug up in these things can walk th streets in safety.

The ethnic mix has inev ably created difficulties with th language bill. In broad outli it reserves the right to atten English state schools to chil ren with at least one parent wh attended English schools Quebec. An English Canadia from Vancouver would find th his children do not quali except for a limited period; th same goes for an immigrant.

The main intention is to ma immigrants join the Fren community rather than th English, as has generally be their wont. A trial of streng has resulted. More than 1,0 children in the Catholic schoo (mainly Italian), and more th 1,500 in the Protestant syste (including many Greeks) a attending in defiance of Bill 10 The Catholics let them tacitly, the Protestants enroll them openly. But both syste face loss of grants in respect these children. Italian teache are already donating one da salary per year to make up th loss of funds; the Protestan are thinking of fund raisin Moreover they hope to ch lenge the legislation in t courts. In their different wa both sides expect a battle eight to ten years.

The hardship inflicted can exaggerated, and could be l sened if the French schools to more trouble teaching Englis Hard cases, admittedly ma poor law: but poor laws ma hard cases.

W.L.



Assembly of the Canadair Challenger, on which the aircraft industry places great hopes.

The finance sector seeks to adapt

FINANCIAL INSTITUTIONS in Montreal, once the financial capital of Canada, are in a difficult process of adjustment to the advent of a nationalist Government in Quebec having little rapport with the traditional English-speaking business establishment.

For historic reasons there has been a drift away from Montreal to Toronto of financial institutions or at least of sections of their headquarters. The latest example, which has made for a good deal of bad blood, is that of Sun Life of Canada, the country's largest life assurance company.

Sun Life said it was moving its head office from Montreal to Toronto because of the Quebec Government's requirements that it conduct its business in French. The Sun has been writing policies in French, where appropriate, since 1883 and issuing its annual reports in French since 1885. Most of its world-wide business is done in English, however, and if it was to continue to serve its policyholders efficiently, the company said, it had no choice but to work in English.

The Sun subsequently gave a second reason for the move. Its base in Quebec, the company's annual meeting was told, is putting it to a competitive disadvantage. The decline in the company's individual policy sales of 2 per cent., in sharp contrast with an increase in group insurance sales of 42 per cent., was attributed to the concern over the possible separation of Quebec.

Compelling

The third reason—not so far publicly stated by the company but the most compelling of them all — is to be found in statements of Parti Quebecois policy. The Province's financial institutions, says the Parti Quebecois, should be controlled mainly by Quebecers, their savings employed to the Province's benefit.

Any doubt about what was meant by this was quickly laid to rest by the response of Finance Minister Parizeau to the first news of the Sun's pending departure. He accused the company of having siphoned off some $400m. of Quebec premium income for investment outside the Province and vowed to recapture it by "moral suasion and moral blackmail or by legislation."

Mr. Parizeau appeared to have arrived at this figure by calculations based on gross premium income and including segregated funds administered on behalf of pension funds. The Sun calculates it is underinvested in the Province by no more than $8.8m.

What quickly emerged as the central issue was not this difference between Mr. Parizeau's figure and the Sun's. It was the threat, implicit in Mr. Parizeau's response, of the forced allocation of savings to Quebec.

Canada's insurance companies are accustomed to matching assets to liabilities on a province-to-province basis. A legal precedent exists which suggests, subject to a fresh challenge, that provinces have the right to require it under the constitution.

Under a Government determined to establish a separate State, the financial institutions see a threat to the discharge of their fiduciary responsibilities. Spokesmen for many of them will concede privately they are already being pressured to invest more in the province than they feel is prudent.

The federally chartered banks are largely immune from that pressure. The national banking system, in any event, is not normally a source of long-term funds. The provincially chartered trust companies—indeed any repository of savings within the province's jurisdiction—are exposed. They expect the pressure to intensify rather than ease if Quebec runs into strengthening opposition from lenders outside the province.

Quebec in recent years has become increasingly a net importer of funds. Most of the average $2bn. a year which Hydro Quebec must borrow to complete the $16.2bn. James Bay development comes from outside the country.

The provincial government has also become a heavier borrower although new money requirements were reduced in Mr. Parizeau's first, and encouragingly conservative, budget last April. He set those requirements at $600m. and by the end of January they had been comfortably met, as had those of Hydro Quebec. The Government had borrowed from all sources the equivalent of $U.S.693m. and Hydro Quebec the equivalent of $U.S.2.24bn. The slow growth of Quebec's economy, slower than had been expected, suggests that Quebec, as did most other Canadian provincial governments, understated its requirements.

Even without the political complications, the province would be running into difficulties with foreign lenders. It has borrowed heavily since the beginning of the Quiet Revolution, too much and too quickly. Most lenders, as a result, have more Quebec paper in their portfolio than they would like.

Quebec's per capita public debt, in the early 1960s, was nominal. It had risen by 1977 to $1,245. The per capita debt of Ontario, with its broader based and more productive economy, is $2,173. The Quebec Government does have domestic sources of funds, other than the conventional lenders, which it can tap.

The most immediately available is the Quebec Pension Fund with total assets under administration nearing $6bn. ($5.3bn. at end-1976) and total annual deposits nearing $700m. ($593m. in fiscal 1976).

The pension fund has a large proportion of its assets in Quebec bonds. At end-1976 $2.2bn. of the $4.3bn. of assets in the general fund were in Quebec direct and guaranteed bonds. Other Quebec bonds have been placed in a segregated fund.

Portfolio

Many Quebec bonds have already been placed directly with the pension fund. Other bonds—the total so far unknown—have been bought by the fund through its open market operations. Meanwhile, some of its common stock holdings have been sold. The general assumption is that the fund's financial report for fiscal 1977 will show a significant increase in its holdings of Quebec debt.

There is a limit, requirements of portfolio balance aside, to which the province's debt can continue to be placed with the pension fund. Unless the mandatory contributions to it are increased, it will run into a negative cash flow in the middle 1980s with the projected sharp rise in the number of Quebecers qualifying for pensions.

Another potential domestic source of funds is the co-operative banking sector which is unique in Quebec for its strength with total assets in excess of $8bn. The largest single grouping within this sector, Caisses Populaire Desjardins, had $6.3bn. assets at last report. In addition it had interest in insurance and other financial activities.

The Desjardins movement has a shareholding in the Provincial Bank, one of two mainly French-oriented Canadian chartered banks. The other is Bank Canadian National. Both do most of their business in Quebec, much of it with local authorities and small business. But both operate outside Quebec, too, and have been extending their branch network in the other provinces. The Provincial Bank recently acquired branches in Ontario and as far afield as British Columbia when it took over Unity Bank, a new foundation that had never become successful. Both the French Canadian banks have been following the advance of Canadian chartere banks into world markets.

Governments before th present one in Quebec hav tried to harness to the servic of the State the funds collecte at grass roots level by th co-operative movement. But th movement still largely confine its lending to members, t mortgages and to local govern ment bodies.

The present Quebec Govern ment is publicly counting o this "engine of the economy to make a larger contributio at the provincial level but, lik the conventional lenders, th co-operative banks may als find they are already holdin as much Quebec debt as the are at present prepared t carry.

Even on the basis of generous access to the pensio fund and the co-operative bank however, financial observer question that Quebec coul finance its requirements fo much more than a year fro within its own market.

At the same time, any ove moves towards pre-emptin savings of the other institution could now boomerang. Richar M. Thomson, president an chief executive officer of th Toronto-Dominion Bank, put i this way in a recent address i Montreal: "Quebec seems likel to continue to be a massiv external borrower for man years in both national an international markets. In suc circumstances, suggestion about restricting the movemen of funds or about the force allocation of investment b Quebec residents, corporation or financial insitutions seem ridiculous.

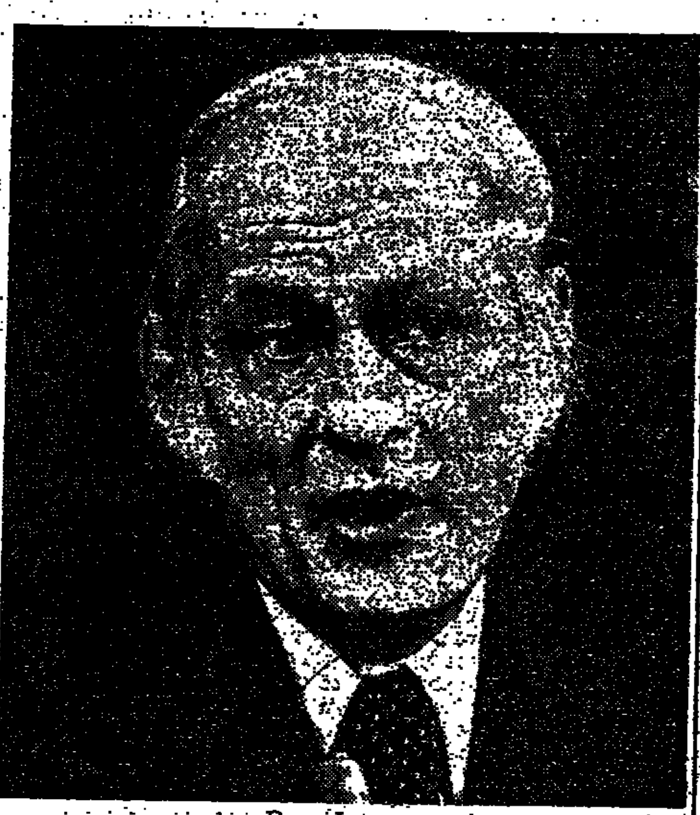
"By using the terms force allocation of resources I mea by legal requirement an insur ance company or a pension fun must put part of its assets int investments specified by th Government. If such measure were implemented, Quebe would be hard hit, for externa lenders would surely increas rates on loans to Quebec an restrict funds allocated to th province. I am sure that if th concept of forced allocation o resources were carefully con sidered, it would be quickl rejected."

Nothing further has been sai officially about Sun's pendin departure. The decision, in fact will not be confirmed until the policyholders have voted in April. But some in the Montreal financial community are tenta tively advancing the possibility that the reaction in external markets, as catalysed by Parizeau's response to the Sun may be tempering the Govern ment's thinking.

John Meyer

Leading figures in the Province

Rene Levesque



Rene Levesque

POWER HAS not changed the public image of Rene Levesque very much. The boy from the Gaspe, one of the poorest areas of Quebec, displays his Legion d'Honneur, awarded him by the French Government last year, as a shyly proud schoolboy would his first gold star for attendance.

He is still somewht embarrassed in public places by his retinue of guards and assistants and will hop on to the nearest chair so that his small frame can be seen rather than wait to be formally escorted to the higher dais.

He speaks in the illustrative language of the workers who make up a large part of his industrial constituency in South Montreal, rather than in the measured tones of a politician in power.

When asked recently about a poll which showed that 51 per cent. of Quebecers were dissatisfied with the party in power, Levesque made a sham of the entire poll by responding: "They asked the question in silly salami-like slices—are you a little dissatisfied, moderately dissatisfied, very dissatisfied?"

He may well be the most skilful political manipulators of minds that Canada has yet seen. The "one of the people" image masks a zealot determined to push Quebecers along a path he is convinced they must follow. For Levesque and his inner circle of Cabinet Ministers, advisors and friends, separation has become more than a political conviction. It has become a religion in which those who have not yet seen the light are Judases.

Levesque comes from a bilingual town; French was spoken at home and at school. Like so many French Canadians he picked up his English in the streets. It is voluble and idiomatic to this day. During the war he was a correspondent in Britain for U.S. networks. Then he became a chalk and blackboard TV commentator. His public service began as a member of the Lesage Liberal Cabinet in Quebec during the 1960s, when he brought about nationalisation of the Quebec power industry.

Even then he was moving towards a line of independence for Quebec, which finally led to a breach with the Liberals. In the following ten years he built up, through electoral defeats and disappointments, the Parti Quebecois which brought him to power on November 15, 1976. Even Levesque himself is supposed to have been taken aback by the victory.

The little man who had struggled so long in the political wilderness had managed to avoid any coloration from the bomb-throwing, kidnapping fringe groups of the late 1960s and early 1970s and was given a generous measure of goodwill in his first months in office. Even some of the English were reassured by the fluency of his English.

But now, with unemployment above 11 per cent. and a public purse that is noticeably emptying, what Quebecers want in growing numbers is jobs or their equivalent in spending power, rather than the rhetoric of independence for independence sake.

This is a year for strong—perhaps harsh—independent leadership, leadership which will, if necessary, subordinate separatist goals to the task of shoring up the economy. But Levesque has developed a party which is so democratic that he himself has little more than a single vote, even in Cabinet. He may well have the acumen to see the new light himself. It will be much more difficult for his associates to recant.

These profiles were written by Amy Booth

Claude Morin

Claude Morin

IF CLAUDE Morin, now Intergovernmental Affairs Minister in the Levesque Government, were to resign to-morrow (which he has no intention of doing) his name would still be enshrined in the history of the newly awakened Quebec.

In the mid-1960s Canada was trying to devise a universal pension plan which would provide some income for each retired worker. Initially, it was designed as an unfunded pay-as-you-go scheme by the federal Goverment, but even in those early days of the Quiet Revolution Quebec could see the advantage for its financial manoeuvrability in having a funded scheme under its own jurisdiction.

For a time it appeared as though the pension plan would be scuppered even before it was launched. Morin is rightly proud of the role he played in suavely arranging a compromise which has provided a reasonably universal plan for Canadians in all provinces and a nest-egg of contributions for Quebec—now close to $8bn.—to serve as underpinning for its greatly increased debt financing.

Morin joined the Parti Quebecois in the early 1970s. He had worked in a senior administrative capacity for both the Liberal and National Union Governments throughout the [illegible]s.

Defeated once at the polls in a Quebec city district, the methodical—some say scheming Morin correctly assessed that the clue to a PQ victory was outright separatism.

He convinced his colleagues that the only route to power was to espouse independence and to promise the voters that separatism would not be undertaken until a special vote—a referendum—authorised the [illegible]eak. His plan worked, and [illegible] become known as "étapisme"—advancing stage by stage.

Morin is essentially conservative, nattily dressed, properly mannered. Douglas [illegible]llerton, a long-time adviser to both federal and provincial governments, in his recently published book, The Dangerous Delusion, says "My own experiences with Morin during the 60s were uniformally pleasant, perhaps because we were on the same side, Quebec's. But there was no doubt of his intelligence or his conviction; a born intriguer, he plays a skilled, tough game, using a good deal of finesse to achieve his nationalistic goals."

Morin is undoubtedly a man to watch as he designs the road toward Quebec's new status.

Jacques Parizeau

Jacques Parizeau

JACQUES PARIZEAU, Finance Minister in the Quebec Government, looks more like a well-heeled banker than the separatist and socialist bogeyman of the English business establishment.

Speaking to a group of businessmen, as he does often, the portly Parizeau sways back and forth slightly, thumbs often buried in the waistcoat pockets of his pin stripe, and dilates on his favourite subject—the many ways in which confederation has disadvantaged Quebec.

A favourite topic is energy. Parizeau points out that the federal Government policy aided petrochemical development in Ontario at the expense of Quebec. He does not mention that the same policy allowed Quebec to purchase (pre-OPEC) cheap offshore oil while Ontario was confined to higher priced Western oil. Nowadays the price is the same in all Canada.

Parizeau is well respected by many Canadians, both federalists and separatists. His first budget in 1977 won full marks in the business world. He seems to have been around for a long time in both provincial and federal spheres, even though he is still only 48.

His education has a truly international flavour: BA from Hautes Etudes Commerciales in Montreal, post-graduate studies in economics and political science in Paris, and a doctorate in economic sciences from the London School of Economics.

He has been a professor, research director at the Bank of Canada (many say he longed to be Governor), a member of the Royal Commission inquiring into the banking and financial system of Canada, a consultant to several Quebec Ministries.

Claude Ryan

Claude Ryan

CLAUDE RYAN, publisher for more than a decade of the small but highly regarded Montreal daily, Le Devoir, and now running hard for the leadership of the provincial Liberal party, has been nicknamed "the priest," "the judge," even "the Pope." He is the very antithesis of the image maker's vision of the man needed to seduce a majority of a traditionally volatile and emotional electorate away from Quebec's charismatic Premier, Rene Levesque.

Ryan is an intellectual in every sense. He is deliberate, disciplined, well schooled and well read in the arts and letters, and authoritarian through a strong Catholic upbringing. He takes a refreshing moral stance in a province that in less than a decade has flipped from papism to anti-clericalism.

These are suddenly attractive qualities in a province—even in a country—floundering in under-employment, under-capitalisation and under-utilisation of plant, and with a constitution which satisfies no one. Ryan is a federalist who clearly sees folly in a separated Quebec. But unlike Mr. Pierre Elliott Trudeau, the Canadian Prime Minister, who has been attempting to make all of Canada the homeland of French-speaking Quebecers, Ryan believes, along with Levesque, that only Quebec can be the homeland of the French Canadian.

His essential conflict with Levesque is about how many powers are necessary to allow the Quebecois to become masters in their own house.

Ryan's fight for the leadership of the Liberal party in the province, if he gets it, will be but an easy preliminary round compared with the uphill battle he will need to wage over the next perhaps four years to election time.

He could even have the federal Liberals to contend with. If Ryan's third option (one and two being the Levesque and Trudeau stands), holds sway, the Trudeau Liberals will have lost much of their claim to being the only group that can hold Canada together.

Raymond Garneau

Raymond Garneau

RAYMOND GARNEAU, Claude Ryan's opponent for leadership of the provincial Liberal party, had a rapid rise in the Cabinet of the former Liberal Premier, Robert Bourassa.

In 1970 he was appointed Minister of the Civil Service, Assistant Minister of Finance and vice-chairman of the Treasury Board. Within six months he was named Finance Minister and chairman of the Treasury Board, a post he held until the Bourassa Government was defeated in 1976. Garneau himself survived, one of the few Cabinet Ministers to do so.

Before entering the Cabinet he had become assistant general secretary of the Quebec Liberal Federation in 1963, when only 28, after graduating in commerce and economics from the University of Laval, in Quebec City, and the University of Geneva.

Garneau and Ryan are running extremely civilised campaigns. Neither wishes to cause a major split of Liberal forces which could take years to heal and threaten a divergence of forces in the next election.

Yet both men are entirely different—Ryan aristocratic and commanding. Garneau the sleeves rolled-up, round-faced professional politician.

As the campaigns rolled into top gear, there was only one basic difference between the contenders: English education. Ryan doesn't believe it realistic to return to full freedom of choice for education in the province. Garneau is willing to try it. He will gather considerable support from the non-French speaking community for that stance, since, under existing legislation its children are most likely to be consigned to French schools against their parents' will.

Church in transition

QUEBEC HAS been going through a difficult transformation in the past 25 years. A traditionalist, clerical, and inward-looking society has given way to one that is lay, more of this world, and in particular of North America. Yet one is tempted to say that it is groping for the lifelines that reach back to the period before these drastic changes took place.

Industrialisation was undertaken in the 1920s and accelerated as a result of World War II. But the resultant cultural adjustments did not really begin before 1960 and the so-called quiet revolution. It brought institutional reforms to schooling, social and health services, and to some economic institutions. A new species of technocrat appeared, but the cultural changes undertaken remain incomplete.

Traditional ideologies disappeared: Christian values, religious standards, ancient traditions, the rural way of life. An ideology of dynamic change was imported from the U.S. and the quest for an only partly regained liberty was intensified.

The hankering after a secular Quebec found its expression in an aspiration for independence, or rather for several kinds of independence—cultural, political and economic, and a Quebecois form of socialism. But a latent conservatism remained and has of late drawn support from an attachment to a "good life," as assured by a capitalism Made in U.S.A.

Receptacle

The destiny of the Quebecois Church was and is tied up with that of the Quebecois community. But after having for so long been the receptacle of the dreams and hopes of that national group, the Church realises that it no longer retains the initiative in this field. The dreams of contemporary Quebecois are nourished from sources alien to the Church.

The Church used to have overwhelming authority over the life of the community. Now it is having difficulties finding its new place, playing a role less striking, but more real and defined. In 1971 the Dumont Commission appointed by the Church put it thus: "Having taken part in the long struggle for (national) survival, will the Church opt out at the very moment when our society has reached what may be the most important turning point of its history?"

The Church had inspired a deeply traditionalist Franco-Canadian nationalism. Now it felt helpless when faced by a specifically Quebecois and purely secular nationalism which preferred liberty and modern values to submission and tradition.

After some delay, and helped along by the second Vatican Council, the Church adapted reasonably well to a changed Quebecois society. No violent shocks accompanied the disappearance of its control over the schools, hospitals, social services, and the place of daily work. As elsewhere it was occupied with its own, internal reforms (to liturgy, teaching, and organisation).

Disenchantment set in between 1965 and 1968. The Government only partly satisfied the great hopes placed in it by workers and, especially, trade unions. Within the Church something similar occurred. Pop masses and similar innovations had proved incapable of staunching the haemorrhage of believers leaving a church that they no longer considered relevant.

Faced with a society determined to organise according to so-called autonomous and secular criteria, the Church in Quebec failed to take a position "more evangelical, more free, and more creative in the light of the most crucial concerns of our society" (Dumont Commission). Hence it is retreating into a silence which it explains with a reference to its essentially religious and spiritual mission. That explains the rapid rise of the charismatic movement and the ready acceptance it has received from the episcopate. Despite a number of declarations of sympathy, the Church has, in 1978, not adjusted to the secularism of the world around it.

Franco-Canadian nationalism has been an often tragic struggle for survival. The Church was in the thick of that struggle from the British conquest of 1760 onwards. It is a struggle now continued by different means associated with Mr. Pierre Elliott Trudeau, the federal Prime Minister, and, on the other hand, Mr. Rene Levesque, Prime Minister of Quebec.

Mr. Trudeau's way is coexistence with other Canadians and equality of rights. Taken as a whole, and at the level of its official representatives, the *Canadian* Church is glad to support that form of nationalism. Among other documents the pastoral letter issued in 1967 upon the centenary of Canadian confederation supports that view. It based itself upon justice and fraternity as the elements of social peace in Canada.

Recognition

In the name of justice the bishops demanded that the French community in Canada should be afforded recognition of its "undeniable right to its own development." For the French community in Quebec, they demanded the right to "civil and political institutions in keeping with its genius, and to that autonomy without which its existence, prosperity, and and its cultural and economic development would not be assured."

All of that would have to respect the rights of others. At a time of confrontation between "different national groups, of regional interests, and social classes," the episcopate asked Canadians to display generosity towards the whole world and towards the brothers closest to them

Without ruling out the option of independence the Canadian bishops thus displayed their profound sympathy with a Franco-Canadian nationalism which looks for justice and brotherhood in the form of an equal partnership with the English-speaking community.

But the creation of the Parti Quebecois in the late 1960s and terrorist kidnappings in October 1970 gave impetus to the debate. In 1971 the Synod of Rome affirmed the right to self-determination of all peoples. The Canadian Church had to take note. In April 1972 at a meeting in Ottawa the bishops affirmed that "all political options which respect the rights of individuals and the human community" are legitimate. They added that the choice made must have regard for Christian values.

The word self-determination was painstakingly avoided—even more so the word independence. But looking beyond the words one can say that the bishops admitted the right to self-determination by allowing all options provided they respect the rights of individuals and the community. The bishops of Quebec itself have stood by that declaration, refusing to become more explicit. Yet there is reason to suppose that certain clerics have a clear sympathy for the Parti Quebecois. That showed itself in the elections of 1970, 1973, and 1976.

Much of the proposal for Quebec's independence remains ambiguous. For the time being it rallies adherents of diverse ideologies: those with nostalgic memories of past battles; those who expect to make their mark on a Quebecois neo-capitalism; or those who want independence as the road to a form of socialism suited to the reality of Quebec. The Quebecois enterprise is fragile: what will happen once tactical alliances are dissolved?

Socialist ideology does not have strong roots in Quebec. The Communist Party has not taken root at all, and the socialist-inspired New Democratic Party has struggled. The great trade union federations have done the most to define and spread socialist beliefs. The Church for long inspired a battle against communism and supported adherents of a form of corporatism as a third way between capitalism and socialism. Some Christian groups have opted for socialism, but on the whole silence reigns.

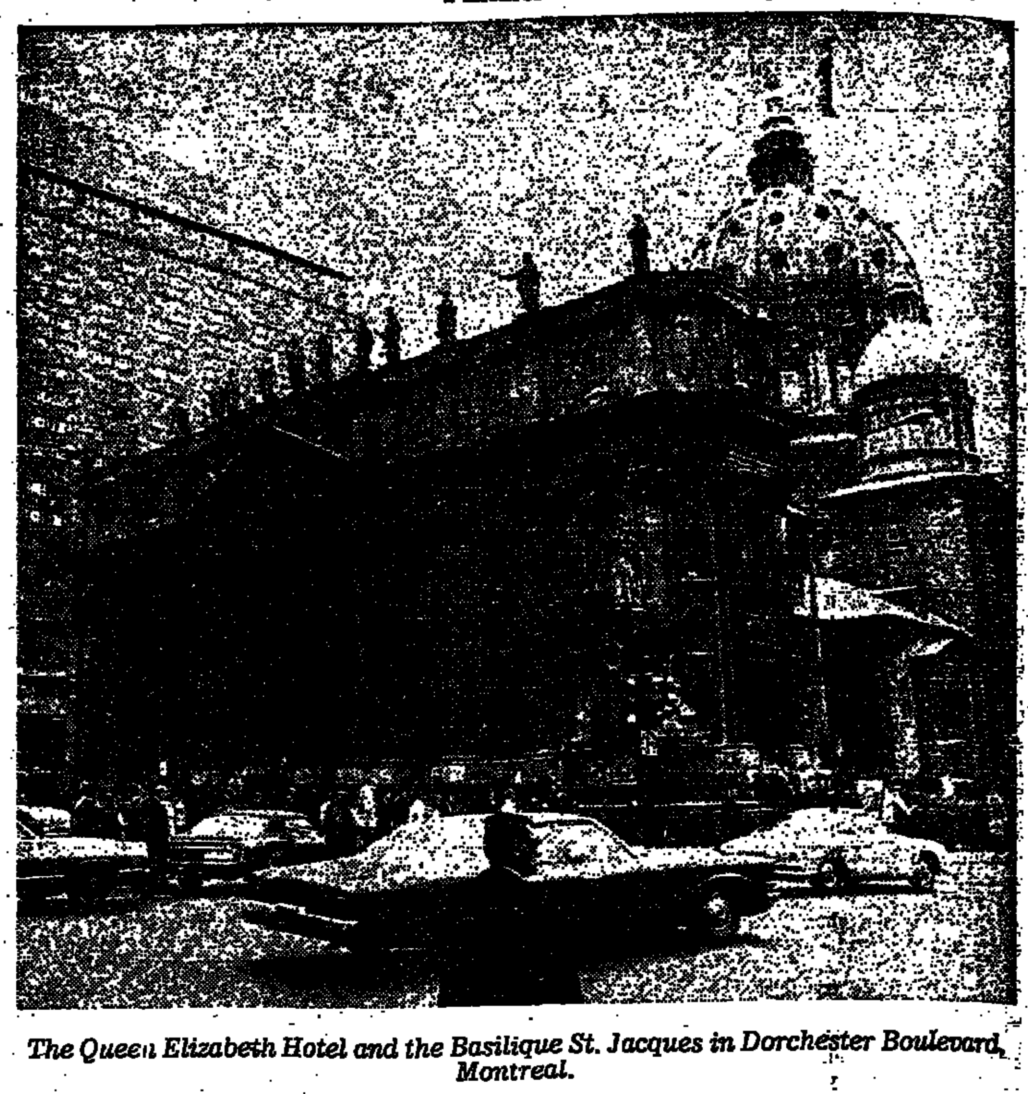
In the past the Church was the preferred stage for the creation of individual and collective attitudes in Quebec. That heritage has left its mark in spite of the decline in Church attendance. The question is whether the Church will once more play its part in the aspirations of those trying to build a new Quebec.

What does it have to offer? Maybe the spiritual background without which political victories and technical achievement, instead of adding to freedom, run the risk of increasing human dependence. A rejuvenated Church could and should become a community where to possess means to share, not to hoard; where communion and partnership are valued more than prestige; where power will mean service, not domination.

Were that possible, the Church could lend its support to the quest for a Quebec of freedom and solidarity increasingly directed towards independence and socialism.

Prof. Guy Bourgeault

Prof. Bourgeault, a theologian, is Dean of Adult Education at the University of Montreal.



The Queen Elizabeth Hotel and the Basilique St. Jacques in Dorchester Boulevard, Montreal.

The battle between English and French

A PROMINENT French-Canadian businessman facing the courts in Ontario last month was refused a trial in French by Mr. Justice William Parker of the Ontario Supreme Court. Only a few weeks before Mr. Justice Jules Deschenes, of the Quebec Superior Court, had voided those sections of a Quebec law, the celebrated Bill 101, which were to make French the language of legislation in the province and to enforce the use of French in most court cases involving corporate bodies.

In one case, French had no legal status in Ontario. In the other, the British North America Act of 1876, the Canadian constitution, was found to guarantee certain English language rights in Quebec, the one Canadian province where the majority is French speaking. Mr. Rene Levesque, the Quebec Premier, was not abashed by the Deschenes ruling. "Our law is just," he said. "If something is wrong it is the Canadian constitution itself. That is why we want to be rid of it."

Small wonder that French Canadians feel that they are in situation where they cannot win. They constitute only 25 per cent. of the Canadian population, concentrated almost wholly in Quebec. Hence they are not in a position to achieve much in their efforts to protect the use of French by their own influence outside Quebec. Yet in Quebec, where they are in a majority of 80 per cent., they find that Bill 101 is in part ruled unconstitutional. (The Deschenes judgment can be appealed against, so that a final verdict has to be awaited).

Symbolic

The linguistic question therefore has acquired immense symbolic significance. It is by no means only the Quebec separatists who welcomed the Bill. There are many others who want to see a Canada of two communities living side by side, a "*Canada des patries*," to paraphrase a famous phrase of General de Gaulle's. The concept of essentially one Canadian nation, French and English speaking, associated with Mr. Pierre Elliott Trudeau, the Canadian federal Prime Minister and Liberal leader, is controversial to say the least, even among Liberals in Quebec.

For a very long time the Quebecois had felt that they were sufficiently protected by the constitutional provision that made their province in effect bilingual. They had French schools of their own, they had access to any public office and the courts in the language of their choice. Then, in the late 1950s language became a hot issue. The English school system expanded rapidly, thanks to the increasing number of immigrants who chose to join the English community, and to an increasing number of Quebecois who felt an English education would give their children a better chance of succeeding in business. Many leaders of French society clamoured for government intervention, afraid that French might disappear altogether from Quebec.

A succession of language laws has been adopted, beginning in 1969 when Jean-Jacques Bertrand was premier. He guaranteed parents the right to choose freely between the English and French schools systems, regardless of their origins. At the same time the Bertrand Government planned a series of measures to promote French culture and the use of the French language. Within a few months of the schools bill it was heavily defeated at the polls.

Its successor, under Mr. Robert Bourassa, a Liberal, came forward with a law that made French the official language of Quebec while maintaining the rights of the English community. But the freedom to choose schools was taken away from the so-called ethnic population, those of origin other than English, who were denied access to English state schools unless they could pass an at times harshly administered language test.

At the same time the French were unhappy, because they still feared that as their own birthrate fell they would be swamped by English speakers. Mr. Bourassa was swept out of office in 1976, a contributory reason being that a part of the ethnic or immigrant community abandoned the Liberals.

That left the ball with the Parti Quebecois of Mr. Levesque, which had left no doubt that in this context it attached more weight to the claim of the French community than to individual rights of choice. It pushed through Bill 101, the Charter of the French Language, which restricts the right to attend English state schools to children with at least one parent who has attended English schools in Quebec. Immigrants — even from English-speaking countries—will have to send their children to French schools. Even Canadian immigrants from other provinces will have to do the same (though the PQ Government has held out the prospect of concessions if they can be negotiated with the other provinces).

Besides the schooling provisions (and those concerning parliament and the courts which were described as ultra vires by Judge Deschenes), the Charter laid down stiff rules affecting business. Goods will have to be labelled in French, outdoor advertising will have to be in French. Business must adopt plans to conduct its affairs in French though exceptions are promised for those whose business is mainly outside the province, and in particular for the headquarters of trans-Canadian companies.

The position of these headquarters is considered in the article of this survey dealing with Montreal. But in the present context it is important to know that until recently the larger companies in Montreal all worked in English. French Canadians without English hardly stood a chance to become lift attendants. That is no longer so, but to this day the French executive in many Montreal companies must not only know English but work in an English milieu where the Quebecois are in a minority.

The Federal Government has tried to deprive the Quebec nationalists of one of their main arguments by passing legislation to make Canada officially bilingual, but that applied only to Federal jurisdictions. In the areas of provincial jurisdiction, which include education and the administration of justice, Ottawa was helpless. Only a few weeks ago the Premier of Ontario, Mr. William Davis, refused to give French official status in Ontario even though 700,000 French Canadians live there. They do have access to schooling in French, but as a general rule it is true that there is wider provision for English schooling in Quebec than there is for French schooling in any other province.

Influence

This historic background will explain why so many Quebecois support Bill 101 and other measures designed to curtail English influence in Quebec. National pride is engaged on both sides. The French community is split about whether a compromise is possible: some feel that being a minority in Canada they will never enjoy full equality. Others feel that time will make for equality and mutual respect.

The latter believe that the French community has made tremendous economic advances and that it has become so strong that no Government can afford to ignore it. The former have chosen to work for an independent Quebec fearing that otherwise their community will be submerged in North America. To them the language issue has become subordinate t gaining power for Quebec ove its economy and foreign polic

The Levesque Governmen has made its choice, but th people of Quebec has not ye done so: only a minority want independence. But the languag law has nevertheless com manded much support, not leas because it can be used to buil up bargaining power *vis a vi* the rest of Canada.

Some effect upon the rest o Canada is already visible Ottawa is struggling with the idea of guaranteed minority rights; New Brunswick, a pro vince bordering upon Quebe and where almost half the population is of French descent is officially going bilingual. As recently as five years ago thes people had almost no legally enshrined language rights Ontario, with the second larges French group in Canada, ha done a good deal less.

It is arguable that the debat about how French and Englis can live together has at leas been brought into the ope Without that, English Canad might have to cope with unde ground activities. The kidnap ping of a Quebec minister an a British official, and the murder of the former, i Montreal in 1970 must serve a a warning.

Marcel Pepi

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Driving towards an EEC policy on cars

By TERRY DODSWORTH, Motor Industry Correspondent

E EEC has a policy for steel a policy, of sorts for shipilding. But should it also e a policy for the motor ustry? This is a question ch is beginning to creep into conversation of the leading opean motor manufacturers. it surfaced in a major ech at the Geneva Motor w last week by Sig. Nicola arelli, managing director of t's car division.

ig. Tufarelli's thesis is that European industry must reanise and regroup if it is to nd up to the challenge now ed by the Japanese vehicle ducers. Of the three big tor manufacturing blocs (the ., Europe and Japan), ope suffers from by far the atest structural weakness. In dition, Europe is under a tained attack from Japanese icle imports, mainly of cars, increasingly of small comrcial vehicles, which are unancing the old system of ernational trade established the motor industry after the war.

he way to respond to this eat, Sig. Tufarelli suggests, not necessarily by putting up exible barriers against the anese: European companies uld "resist the tendency ards protectionism." But re organised marketing angements should be estabied than at present, which ans accepting and welcoming EEC's recent move in uesting reciprocal arrangents with the Japanese.

hese proposals come close the fashionable concept of anised free trade. But Sig. arelli's other suggestion is re controversial.

The main sources of weaks for European manufacers are the fragmentation of ir industrial systems, the isolated initiatives, the persistence of restricted national outlooks, and the absence of a common policy in dealing with the main problems." Instead of this fragmented approach, the European authorities should resist the national moves towards greater use of public funds in the industry, create guidelines for the rationalisation of this sector, and conduct research into larger scale economies of production.

Most motor companies have in the past been vigorously opposed to any such bureaucratic approach to rationalisation. They have preferred to accept the disciplines of the market place. A draft EEC document outlining areas where the Commission might be able to help the industry fell on stony ground last year, and the industry, on the face of it, needs very little help at present. Indeed, car sales in Europe were a record 10m. units last year, will probably increase slightly this year, and could go up by another 2m. in the early 1980s. This is hardly the obvious time at which to invite companies to huddle together for protection.

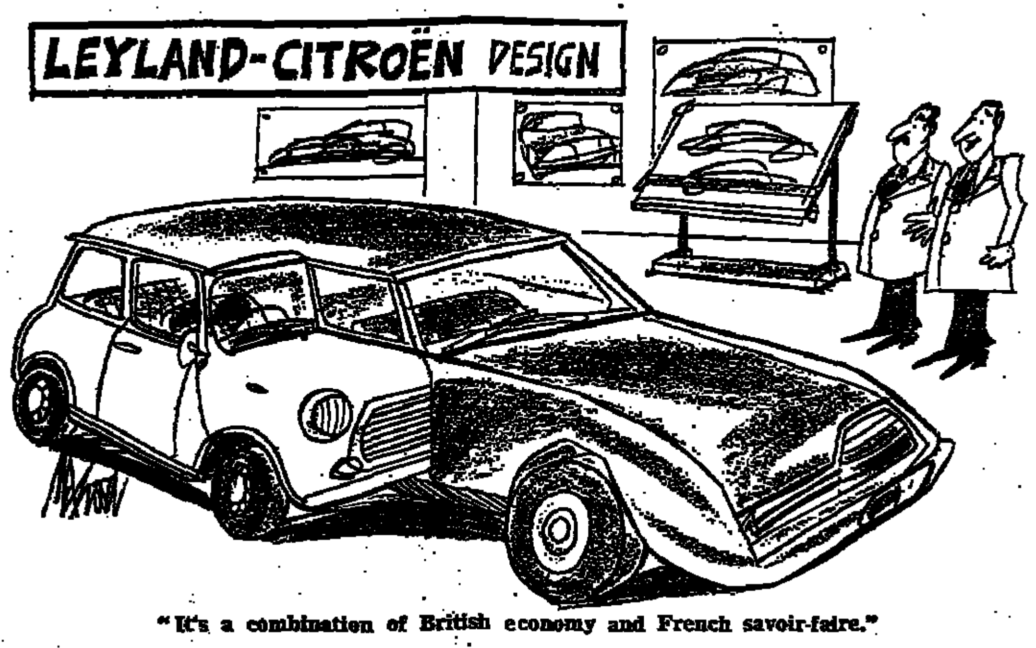
Even so, Sig. Tufarelli's speech touched a sensitive nerve last week. European manufacturers are at last becoming aware of the speed with which they are being overtaken by the sheer vigour of the Japanese and the enormous design economies available to the U.S.-based multinationals. In addition they are growing increasingly anxious about the poor comparative productivity of much of the European industry. Plants in Europe must be utilised more, component runs grow much longer, and vehicle assemblers duplicate less if the EEC producers are effectively to combat the new threat from overseas.

At the same time, Sig. Tufarelli insists that the Japanese must adopt more responsible trading patterns. "Certain rules of behaviour, acceptable limits and priorities must be set up to operate a system of exchange." This again is a view gaining increasing currency in Europe, mainly because the Europeans feel that Japan is establishing new manufacturing capacity without sufficient thought to the way in which it will affect trade balances.

According to some of the latest analyses by the European car companies, the Japanese alone are planning to put down new capacity for about 2m. more cars a year within the next few years. At the same time, new producers are coming along swiftly in South America, Iran, South Korea and the Comecon countries.

To a certain extent, the necessary process of rationalisation has already started. Vehicle manufacturers have been slowly seeking out ways of achieving greater production efficiencies, which tends to mean longer production runs as the technology improves. For different components—engines, gearboxes, axles and so on—the optimum plant sizes differ, but they are often above those required by a single European manufacturer. A pertinent example is automatic gearboxes, an area which is now being keenly looked at by Leyland and Renault. Neither uses sufficient at present to justify the investment in them (although Renault has made it), while a multinational company like Ford can afford a huge plant in Europe because some of the capacity can be off-loaded on its U.S. parent company.

Rationalisation on a pan-European basis, however, is clearly very difficult to achieve. The only company of this kind to emerge in the commercial vehicle field has been created by Fiat, which put together IVECO by combining its own truck interests with those of Magirus in Germany and Unic in France. In the car industry, a projected link between Fiat and Citroen failed, and the only significant European-wide rationalisation in the last few years has been achieved by Ford, a U.S.-based company which has been able to bring its manufacturing in Germany and the U.K. together so effectively because it is not seen in either country as a fully national concern. Companies like Renault and Leyland face a very much higher degree of national interest in their activities, which gives them potentially much less room for manoeuvre.



"It's a combination of British economy and French savoir-faire."

Partly for these nationalistic reasons, the pattern of European co-operation up to now has been concentrated on so-called "functional" mergers, in which different manufacturing groups come together to establish separate, jointly-owned activities, or in which one vehicle assembler uses another's parts. These include:

A common engine plant at Douvrain, in France, which makes units for Renault (France), Peugeot (France) and Volvo (Sweden).

The Club of Four truck in which four manufacturers, Saviem (France), Daf (Holland), Volvo (Sweden) and Magirus Deutz (Germany), collaborate in manufacturing parts for a vehicle which they all assemble separately;

The decision of Volvo's Daf Cars subsidiary to buy a Renault engine for its 343 model;

Ford's decision to buy a Peugeot diesel for its Granada;

An agreement between Mercedes (Germany) and Steyr-Daimler-Puch (Austria) under which Steyr will assemble a Mercedes-designed four-wheel-drive vehicle;

An outline agreement between Mercedes and IVECO to design a common automatic gearbox for heavy trucks;

Ford's acquisition of a Berliet (France) cab for its big Trans-continental truck;

A decision by Volkswagen and MAN to make a common medium-range of commercial vehicles;

Joint manufacturing agreements between Mercedes and MAN in Germany for commercial vehicle engines and axles;

The now-ended agreement under which Triumph developed its slant-four engine for Saab.

There is a clear tendency for these agreements to be reached within a national context. Companies seem to look more readily to other competitors within their own borders than outside. So a truly pan-European structure of collaborative agreements has not emerged as yet in the motor industry. The question now is whether the motor companies need another push in order to achieve this, and, if so, who is to provide it.

The Fiat view is that the push is desirable and that the EEC is the best medium through which to give it. The logic of this is that the EEC provides the only forum which stands above the national interests which dominate the debate about the future of the industry. But by no means all European companies would agree. Some believe that administrative action would mean an entirely anodyne solution with no teeth. Others argue that joint ventures are so difficult to organise and control, and have had such a patchy record of success, that they are not worth pursuing. Straightforward mergers would be a more simple, and probably more effective, way of rationalising the European industry, they argue.

The Commission itself has been showing signs in the past few months of wanting to force the pace a little and take on the sceptics. After a recent meeting with leading company executives, Viscount Etienne Davignon, the Commissioner for Industry, released a statement which hinted at efforts to bring the indigenous European companies towards a common policy. But Brussels is still a long way away from establishing the sort of approach which Fiat is propounding.

At the moment, companies are very reluctant to say how far they would go in supporting an EEC initiative. Talks are held quietly and controversy avoided. But a few executives are growing concerned enough to push their heads above the parapet and insist that if Europe does not reorganise it will be swept aside by the combination of the Japanese, the developing world car producers and the technological strength of the American groups.

M. Bernard Hanon, for example, the head of Renault's car activities, has been a strong supporter of a reorganised French components industry and a rationalised structure for the whole European motor industry. His conviction has been sufficient to push him into talks with Leyland—an alliance which most people in the industry consider extremely unfavourable to Renault.

Leyland itself is now putting a lot of energy into these talks with Renault. They cover such areas as gearboxes, engines and body panels. Recently, Mr. Colin Hill, the chief economist in Leyland's international division, delivered an unofficial but clearly significant speech, in which he echoed much of what Sig. Tufarelli said last week.

"Without some form of EEC initiative I do not see an indigenous European motor industry surviving into the 21st century," he said. "If the intervention is both bureaucratic and uninformed, then the industry's life expectancy is that much shorter. But if we are determined to survive, and are willing to devote the necessary resources, we shall come through fit and able to meet the new challenges of a new world order."

Letters to the Editor

Neglect of the environment

From Mr. E. Griffiths, MP.

Sir,—The Select Committee's accusations against Denis Howell (March 21) are serious, but misplaced. Having carried virtually the same responsibilities from 1970-74 in Mr. Heath's Government, I believe the main charge against him is not his squabbling with the Waterways Board and the Sports Council, but his department's culpable neglect of the environment.

Between 1970-74, the newly created Department of the Environment made massive progress in cleaning the air and the rivers, and clearing up derelict land, especially in the northern cities. We set hundreds of local authorities to clean historic buildings, renovate slums, develop environmental improvement areas in run-down city centres and designate new countryside parks. Other statutory bodies, including the nationalised industries, were prodded into launching new schemes for the removal and grassing of slag heaps and the planting of millions of trees. Simultaneously, Britain took the lead (for example, at the UN's Stockholm conference) in putting forward new ideas, based on our own domestic successes, for the conservation of the world's oceans and upper atmosphere, forests and endangered species. Within the EEC, we were able to place Britain in the forefront of "pan-European" planning for the protection of the North Sea and the rivers draining into it, and the setting of standards for industrial emissions, car exhausts, noise levels in heavy vehicles, etc.

It would be unkind to Mr. Howell to say that he personally, a good European, has thrown away his international lead. It has been the anti-European attitude of his senior colleagues, especially Messrs. Wedgwood Benn, Shore and Silkin, that has cost Britain its primacy in European environmental planning. Nor would it be fair to lay at Denis Howell's door the loss of momentum in our domestic clean air and clean water policies, nor the slowing down of derelict land clearance and urban improvements, etc. These setbacks result very largely from the Government's irresponsible stoking up of inflation between 1974-75 and the consequential cut back in environmental spending in 1976-77.

Mr. Howell and his political colleagues, nevertheless, bear a large share of the responsibility for the environment's being relegated to the second division of Government priorities. In particular, they have failed to generate that Ministerial drive and enthusiasm which alone can galvanise civil servants and local authorities into putting their backs into conservation and pollution control. The Minister, I understand, is a very rare attender at the Clean Air Council and the Noise Advisory Council. He seldom turns up at those openings of sewage works and refuse disposal units where, unpleasant as it may sound, the real work (as opposed to the publicity) of fighting pollution is conducted.

Mr. Howell is a cheerful chappie whose main preoccupation is sport. It is no criticism of him to say that his approach to his role as Minister for Sport is very different from the one I occupied between 1970-74. My view was—and is—that nothing is less like a government department or a nationalised industry than the wonderfully varied and intensely competitive world of British sport. That is why, with the Conservative Cabinet's approval, I removed myself from the chair of the Sports Council and transformed it into an independent Royal Charter body with a distinguished sportsman (Sir Roger Bannister), instead of a politician, at its head.

Mr. Howell has never accepted this. He has sought to exercise detailed control over both the Sports Council's policies and its use of funds. Politically, I can see the attraction of this to the Labour Party managers and publicists; but I do not think it is wise. Not only is it bad to reimport politics into sport; By diverting the attention and energies of the Minister from his other, and much wider responsibilities for water, planning and all forms of pollution control, it is bad for the environment and all who care for its protection.

Eldon Griffiths,
House of Commons, S.W.1.

Detail is more difficult

From Mr. D. Leech.

Sir,—Mr. Owensmith (February 20) contrasts Government support for the Arts with the lack of support for new product design. Would you permit me to question the importance of innovation in product design and ask whether, in this country, we put too much emphasis on innovation, creativity and invention and too little on good detail design?

There is, of course, a sense in which every good solution to a design problem is innovative, for each step in the solution, if not original, is a new application of a known principle. So much has been written however, in recent years about the encouragement of creativity that one gets the impression that our problems of low productivity, balance of payments, low rate of growth, would all go away if only someone would invent another bouncing bomb, linear motor, hovercraft or Wankel engine. I believe that most engineering innovations have no pay off and are never heard of. When an innovation does have a pay off it is usually small and always late.

Could we not find a way of encouraging our designers to concentrate on perfecting details? The customer is more likely to buy a product if he believes that it is safe, reliable, maintainable, easy to operate, has a good life and a low cost of ownership. He will place repeat orders if his beliefs are confirmed by experience. Certainly people who write to the papers to justify their having bought foreign cars, rarely give innovation as the reason—unless design for reliability is an innovation.

I suspect that for young designers, innovation is easy. It is much more difficult to ensure that threads are locked castings have enough land, incompatible metals are not used and product support has been considered. Is it not, in fact, more difficult and more useful to be a good detail designer than to be merely inventive?

D. J. Leech.
Senior Lecturer,
University College of Swansea,
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Singleton Park,
Swansea.*

Chancellor's options

From Mr. R. Harris

Sir,—It seems most likely that the Chancellor will give first priority in his Budget to the raising of personal tax allowances. The obvious minimum increase is one of £105 to £1,050 for a single person, and one of £170 to £1,625 for a married man, because the latter will be just enough to prevent a man with two children having his take-home pay reduced as a result of the proposed cut in the child tax allowances. The cost, with that of making an equal increase in the pensioners' tax allowances, would be about £1.25bn.

If, as seems likely, the Chancellor feels unable to reduce taxes by more than £1.5bn. to £2bn., is it too much to ask that the few hundred million remaining shall be devoted to encouraging saving and investment?

The first priority should be the indexing of capital gains. Next should be the reduction of the maximum rate of tax on earned income to 75 per cent., and the reduction of the investment income surcharge to 10 per cent, giving a maximum rate of 85 per cent. on investment income. For political reasons, however, it is more likely that the Chancellor will prefer to raise the exemption for IIS to £2 000.

I would suggest that it would be both more just and more imaginative if he left the limit for a single person at £1,500, but doubled the limit for a married couple to £3,000. This would mean that a couple with an investment income of £1,500 each would no longer be quite so heavily penalised for getting married instead of living in sin. It would also reduce the cost of, at some future date, allowing married women to opt for separate assessment of their investment as well as of their earned income.

It is difficult to see how a Government which claims to believe in the equality of the sexes, and which also presumably is not hostile to marriage, can refuse to accept this as a desirable ultimate objective.

Richard Harris,
*Flat 8,
119 Haverstock Hill, NW3.*

Underground to Heathrow

From Lady Burton of Coventry.

Sir,—I had of course read Michael Donne's article (February 13) and was interested to note what Mr. Watton had to say (February 28) writing as a frequent traveller between London and Sydney. The problems he poses must be common to many air travellers with luggage.

While appreciating the points made by Mr. Donne it seems to me not unreasonable to ask that an attempt be made to make at least one station on the Heathrow Underground link available to and from street level for those with heavy baggage. Is it really quite impossible to instal a lift at, say, Gloucester Road station? I have asked for this but have got nowhere.

Mr. Watton says "Perhaps with a little bit of ingenuity something can even be done with stations like Gloucester Road to allow passengers with baggage to reach street level without too much difficulty."

Could not the British Airports Authority, the British Tourist Authority, the airlines, London Transport and the Greater London Council look at this aspect together? Surely they could produce a little bit of ingenuity to help.

Air travellers with baggage are entitled to consideration: the bus service is not adequate and many people cannot afford taxis. Why should they be brushed off by London Transport with no attempt to consider the point?

With the anticipated passenger growth at Heathrow and the further traffic congestion as a result surely it makes sense at least to see if more travellers can go by train.

Burton of Coventry.
House of Lords, S.W.1.

Monopoly of land

From Mr. P. Walker

Sir,—I was very interested to read the letter from Mr. A. M. Hoare (February 29) in which he mentions the problem of the "monopoly of land ownership." Having been involved for many years in the problems of finding and acquiring land for development throughout the country, it would help me considerably to know the identity of the "monopoly land owner" of whom Mr. Hoare complains. I need then waste no more time in talking to numerous individual persons and organisations and their various agents. It would appear that if I could only make contact with this mysterious "monopoly owner" then life would be made so much easier. Perhaps Mr. Hoare would care to enlighten me.

P. J. Walker,
*3, Rushmoor Grove,
Backwell, Bristol.*

Nuclear power

From Mr. M. Bond

Sir,—Mr. Nigel Forman's letter (March 2) criticising the concept put forward by Dr. Walter Marshall and Dr. Chauncey Starr of using up plutonium in fast-breeder reactors, overlooks what I understand to be this form of reactors' outstanding advantage—its potential to extract up to 80 times as much energy from a given quantity of uranium as can a conventional reactor, thus conserving the world's supply of this precious material.

Mr. Forman goes on to suggest that an increased health hazard exists to the workers involved with such a reactor, yet the fact that a rather hostile environment exists within the reactor's core seems as irrelevant as the fact that a similar environment exists within a coal-fired furnace. What does seem material is the reply given by the Under-Secretary of State for Employment, Mr. John Grant, in the House of Commons on February 13 last to the effect that there were no fatal or serious accidents within the U.K. nuclear power industry caused by radiation from 1963 to 1977.

M. G. B. Bond.
744, Chelsea Cloisters, S.W.3.

Honours due

From Esme Reader.

Sir,—As an ex-wren Coder I was fascinated by Mr. R. V. Jones' lucid TV explanation of how he discovered the German method for directing bombers by intersecting radio beams and so my thanks to C. P. Snow (March 2) for touching on an aspect which has long puzzled me—why Mr. Jones has never received due honours. Perhaps it was because "he was positive, arrogant, and worst of all, had a maddening habit of almost never being wrong." It is not too late for a wrong to be made right.

E. Reader,
*31, Kent Gardens,
Eastcote, Middx.*

To-day's Events

GENERAL

Wholesale price index (February, provisional).

Confederation of British Industry leaders and team of Ministers led by Mr. Roy Hattersley, Prices Secretary, review recent CBI talks with Treasury officials on Government's use of contract clauses to enforce its pay policy. CBI team will later report to a special meeting of senior industrialists.

Dr. David Owen, Foreign Secretary, holds talks in London with Bishop Abel Muzorewa, leader of United African National Council, and a party to the internal Rhodesian agreement on majority rule.

Anglo-U.S. talks on air fares due to begin in Washington.

EEC Agriculture Ministers begin two-day meeting, Brussels.

Ministerial meeting of United Nations Conference on Trade and Development (UNCTAD) in Geneva.

Advisory, Conciliation and Arbitration Service (ACAS) meets engineering unions in attempt to avert two-day strike called for March 20 and 21 over pay policy's application to minimum wage rates.

Mr. Eric Varley, Industry Secretary, meets TUC Steel Industries Committee and is expected to discuss partial closure of BSC's Shelton works, near Stoke-on-Trent.

Sir Rowland Wright, chairman, Imperial Industries, gives first of three Cantor Lectures on theme of The Creation of Wealth, Royal Society of Arts, John Adam Street, W.C.2. Sir Rowland will speak on "Industry the Provider."

Sir Derek Ezra, chairman, National Coal Board, is guest speaker at Coal Industry Society lunch, Hyde Park Hotel, S.W.1.

PARLIAMENTARY BUSINESS

House of Commons: Mr. Peter Shore, Environment Secretary, expected to make statement on future of Windscale nuclear plant. Debate on Northern Ireland security. Motions on Northern Ireland Orders, including appropriation, industries development and property.

OFFICIAL STATISTICS

Housing starts and completions (January). Hire purchase and other instalment credit business (January). Retail sales (January, final).

COMPANY RESULT

Fisons (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 29.

MUSIC

Royal Philharmonic Orchestra, conductor Henry Krips, soloist Ilan Rogoff (piano), in programme of Rossini (overture, The Barber of Seville); Vaughan Williams (Fantasia on Greensleeves); Rachmaninov (Piano Concerto No. 2); and Dvorak (New World Symphony), Royal Festival Hall, S.E.1, 8 p.m.

COMPANY NEWS

Utd. Guarantee now ready to expand

Following its extensive reorganisation programme the fortunes of United Guarantee (Holdings) have improved substantially and with the group now on a firm footing means are being sought to broaden the base through commercial acquisitions.

The profit returned in the year ended September 30, 1977—£197,560 compared with a loss of £115,760—is far ahead of anything achieved before, despite a reduced turnover of £4.43m. against £4.95m. This reduction is attributable to the disposal of the Sogema and Cooden Motors businesses and the elimination of unprofitable business areas in the remaining operating subsidiaries, explains Mr. H. W. King, chairman.

The disposal of those two companies together with the sale of the Fulham property and the introduction of strict cash control disciplines resulted in greater liquidity and interest charges on borrowings have been virtually eliminated. The group is now in a position to derive marginal benefit from term deposits of surplus funds and means are actively being sought to employ profitably these funds by way of acquisitions, says Mr. King.

The sale of the Fulham property was completed in December, 1977 at a figure of £230,000 which, after adjustments, produced a profit of £118,025. Although it has been necessary to set aside sums by way of deferred tax the group has benefited from available losses and other reliefs to the extent that there is no current liability for tax on this surplus or the year's profit which are thus wholly available for re-investment.

The group's net worth has significantly improved during the year and at September 30, 1977, net assets showed an increase from 5.816p to 10.415p. A further material improvement has been made since that date, says the chairman.

Strict discipline

Referring to United Lubricants and to United Lubricants (Fuel Oil) the chairman says that both companies have now settled down following their extensive reorganisation and restructuring. Operating efficiencies are being maintained at a high level and significant benefits are being realised from the introduction of strict management disciplines.

Having now established a firm and profitable base in each company attention is now being concentrated on developing a steady and profitable expansion of the respective businesses. In particular efforts are being made to strengthen and improve trade in the second half of the year which suffers from the seasonality of their activities.

During the year there was a net improvement in liquid funds of £239,107 (£53,137).

International Property Development held 23.17 per cent. as beneficial owner and Essex Group Holdings and associates 21.95 per cent. of the group's stock at September 30. Essex Group and associates transferred their holdings to Steephill subsequent to September 30. Steephill purchased £3,010 of stock between September 30 and March 1.

Meeting Winchester House, EC, March 31, at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Parker Knoll, Victor Products (Wallsend).

Finals—Fisons, H. Goldman, Mercantile Investment Trust, Neil and Spencer, Scottish Eastern Investment Trust.

FUTURE DATES

Interims—

Fairview Estates .... Mar. 14

Glanfield Securities .... Mar. 10

Scottish Cities Investment Trust... Mar. 8

Stothert and Pitt .... Mar. 14

Strong and Fisher .... Mar. 8

Finals—

Anglo American Investment Tst. Mar. 10

Bell (Arthur) .... Mar. 13

Bowater .... April 6

Cape Industries .... April 4

Martin Ford .... Mar. 8

Lambert Howarth .... Mar. 14

Liverpool Daily Post .... Mar. 23

Low and Bonar .... Mar. 20

Mixconcrete .... Mar. 30

Tomatin Distillers .... Mar. 21

Vosper .... Mar. 14

G. M. Firth sale and leaseback

A sale and leaseback arrangement with a major institution, understood to be Equity and Law Life, has been made by G. M. Firth (Metals). The effect is to reduce overdrafts to £458,155, after deducting credit balances, and increase of shareholders' net tangible assets by some £227,000.

The property sold is the recently completed purpose-built factory at Bradford covering some 60,000 square feet on a three acre freehold site. It cost some £537,000 (including removal and reorganisation expenses) and has been sold for £875,000 cash. The leaseback is for 35 years at a rental on full repairing terms of £70,000 annually with upward revisions every five years.

Towards the original cost, development grants of £29,000 have been received to date and "there is a good possibility" of getting a further £45,000. These grants have been ignored in the increase in net tangible assets.

The Firth directors are continuing to review the possibilities offered by the properties in the group.

Cockburn Cement surges to $A5.5m.

More than doubled taxable earnings for 1977 of $A5.52m., against $A2.61m., are shown by Cockburn Cement, the 85 per cent. owned Australian subsidiary of Rugby Portland Cement Company. Sales advanced by $A7.58m. to $A29.57m.

The increased performance reflected better sales of cement and sustained growth of the lime business. This improvement has continued in a modest way into the first two months of the current year.

	1977 $	1976 $
Sales	29,566,785	21,987,502
Trading surplus	8,294,740	3,617,183
Interest	781,349	1,104,482
Depreciation	2,099,391	1,907,042
Pre-tax profit	5,523,809	2,605,659
Tax	2,457,707	1,026,901
Prior years tax adj.	116,536	—
Net profit	2,919,557	1,578,738
Surplus on land sale	39,352	88,581
Leaving	2,958,909	1,667,319

Though it may be some time before the building and construction industry in Western Australia recovers fully from the recent economic difficulties, the directors believe that the industry's activities in the state will continue to expand in 1978, Mr. Maurice Jenkins, the chairman, says.

A final dividend, which will be paid on capital prior to the recent rights issue, is 4.75 cents (4.5 cents) for a total of 7 cents (6.5 cents) which absorbs $A1.4m. ($A1.3m.).

Hawthorn Baker loss deepens

Reporting an increased pre-tax loss of £32,500, against £12,623, for the half-year to November 30, 1977, the directors of Hawthorn Baker say that present indications are that the second half will be profitable.

The first half loss exceeded the total deficit of £50,832 for 1976-77. Again there is no interim dividend. The last time the group, which makes and supplies precision printing equipment, distributed a dividend was in 1974-75 when 3.25p was paid from profit of £60,946.

River Plate expects another good year

Another good year is in view at River Plate and General Investment Trust, Mr. T. A. Pilkington, the chairman, tells members. Income prospects are good as regards dividends from investments and he is hopeful of further capital appreciation.

For 1977 taxable revenue advanced 26 per cent. to £0.84m. (£0.66m.) on gross income of £0.99m. (£0.83m.) as known. The net dividend was increased to 6.25p (5p).

Net liquid funds were down £161,432 (£109,619) at year end and cash at bankers stood at £120,269 (£221,701).

A geographical analysis of total investments of £16.03m. (£11.59m.) at valuation, shows they were distributed (per cent.): 50.79 (58.42) U.K.; 39.23 (27.57) U.K. international; 0.92 (0.73) Australia and New Zealand; 4.06 (3.58) Africa; 1.47 (2.39) U.S. and Canada, and 3.53 (7.31) elsewhere.

During the year the company bought the lease of a house in Lincoln's Inn Fields and the management will be based there in future. It is not anticipated the change of office will lead to any increase in expenses, Mr. Pilkington adds.

Meeting, 44, Bloomsbury Square, WC, on March 30 at 11.15 a.m.

Cluff Oil loss is £438,000

AFTER exploration expenditure written off of £355,235 compared with £94,425, the pre-tax loss of Cluff Oil for 1977 was £438,101 against £113,216.

Turnover for the period was £103,628 (£88,966), tax this time took £3,571 and there was a transfer of £76,081 to exchange equalisation reserve.

The directors say that looking ahead the company is actively engaged now in examining additional exploration opportunities and to this end the groundwork has been laid for applications in the Middle East and the U.S. All such applications will have due regard to the need to carefully conserve the company's resources until the Buchan royalty cash flow generates substantial income for the company next year.

N.E. Coast Shiprepairers to repay Pref.

North East Coast Shiprepairers proposes to reduce its capital by £650,000 by the cancellation of the quoted 4.55 per cent. Preference shares in exchange for 75p per £1 share held when the scheme becomes effective.

Holders will receive the dividend due, but not paid, on September 30, 1977. This will be paid on March 31, 1978, together with the dividend due on that date.

The directors consider the proposals to be fair and reasonable and in the best interest of holders.

When the Preference dividend was passed in respect of 1976-77 the directors said that this decision was taken having regard to adverse trading conditions experienced by the company. It incurred a loss of £1.2m. in 1975/76.

Up to September 19, 1974 the company was a subsidiary of Court Line, on which date the equity was acquired by the Secretary of State for Industry.

Lonrho considering Dunford position

Lonrho, the international trading group headed by Mr. R. W. "Tiny" Rowland, is considering its legal position over the disappointing annual results of its engineering and steelmaking subsidiary Dunford and Elliott, which it acquired a year ago for £15.2m.

Last week Dunford reported profits for the year ending September 30, 1977, of £1.7m., against the forecast of £5m. made at the time of the controversial deal, and which was supported by the Board, merchant banking advisers Morgan Grenfell and auditors Turquands Barton Mayhew.

A Lonrho director confirmed that the group was upset over the figures, saying that it was premature to talk in terms of legal action but that this was a possibility. The anger centres not only on the margin between the actual figures and the forecast, but also on suggestions that "Lonrho has been taken for a ride."

The spokesman said that, ultimately, Lonrho was confident that Dunford and Elliott would be seen as "a first rate acquisition." Since the take-over, the entire management has been changed with the exception of Mr. Frank Welch, the chairman, who has stayed on for a limited period. Lonrho has also introduced new customers to Dunford in the form of Volkswagen and Audi, the German car manufacturers.

It is also certain that considerable savings will be achieved through a slimming-down operation and the recent sale of the Greaseborough Street rolling mill operation in Rotherham is expected to eliminate annual losses running at £0.75m.

Mr. David McDonald, head of the executive of the City Take-Over Panel, said yesterday that the basis on which the Dunford and Elliott forecast was made would be studied with a view to establishing which assumptions proved unsound. To this end, he confirmed that certain additional information had already been supplied by one of the group's main financial advisers.

He saw the Panel role as one of ensuring that the requirements for profits forecasts contained in the City Code were met by all the parties concerned. He added: "We will certainly make it our business to hear what Lonrho has to say."

Bridgewater makes headway

Including £418,788 profit on the sale of investments, taxable profits of Bridgewater Estates rose from £647,082 to £1,152,376 for 1977. At midway the advance was from £289,652 to £397,206.

The final dividend payment per 50p share is 8.5p net raising the total for the year from 8.825p to 13p.

Tax for the 12 months took £321,401 (£282,677) and there was a £375,788 (£34,740) transfer to investment reserve, leaving a balance of £455,187 (£329,665).

River & Mercantile aims to hold dividend

WHATEVER THE outcome over the disputed claims by the Inland Revenue over earlier tax assessments, and although share prices may fluctuate widely the directors of River and Mercantile Trust consider that the dividend can be at least maintained in the current year, Mr. R. H. Wethered, the chairman tells members.

In 1977, the company benefited from its 80.6 per cent. investment in U.K. equities. As known, on total income for the year of £2.09m. (£1.8m.) pre-tax revenue improved to £1.73m. (£1.58m.). The net dividend was raised to 8.125p (7p) per 25p share.

At year end net liquid funds were down £0.52m. (up £0.44m.) and bank balances stood higher at £0.31m. (£0.22m.).

Total investments of £30.63m. (£21.01m.) at market and directors' value, were distributed (per cent.): 88.55 (85.49) in the U.K.; 8.03 (6.46) in U.S. and Canada; and 3.42 (8.05) elsewhere.

The year's results were assisted by the decision in the previous year to add to the company's already considerable holdings in the ordinary shares of other investment trust companies. Not only were dividends received that were not subject to statutory controls but also these companies' share prices rose with the market generally, the chairman says.

However the directors do not intend to remain overweighted in this sector and have already taken advantage of rising prices to sell a few of these holdings when yields could be increased elsewhere.

The company arranged a U.S.$4m. loan facility in March 1977, and the proceeds of this are now almost fully invested.

Mr. Wethered points out that the directors would be inclined to add further to the overseas portfolio by a similar borrowing but not to the extent that would conflict with the company's progressive dividend policy.

The disputed tax claims concern assessments made prior to the company obtaining investment trust status in 1975. No provision is made in the accounts nor is it considered necessary, the chairman adds.

Meeting, 44, Bloomsbury Square, WC, on March 30 at noon.

FT Share information

The following security has been added to the Share Information Service appearing in the Financial Times:—

Thurgar Bardex (Section: Chemicals).

Allied Textile's export base

ENCOURAGED by the prospect of a less rapid rate of deterioration in trading opportunities within the U.K. and the EEC than in recent years and with Allied Textile Companies having a firmly established exporting base, Mr. J. E. Lumb, chairman, says in his annual statement that he looks forward to the group's continued success.

As reported on February 3, taxable profit for the year to September 30, 1977 advanced from £2.16m. to £3.04m. on turnover ahead from £23.7m. to £30.7m. Export sales amounted to some £10m. (£6m.). The higher level of turnover results from an increase in volume as well as value and margins were also improved, reports Mr. Lumb.

As a programme of plant replacement progressed, capital spending during the year amounted to around £1m. Ample financial resources remain available, for re-equipment and extension of the company's activities, and include cash and near cash balances of more than £1m. Cash flow is strong from significant profit retentions and depreciation which now exceeds £1m. per annum, members are told.

Commenting on the years trading Mr. Lumb says the performance of the group companies producing a high proportion of their quality goods for sale in overseas markets has been well maintained or improved upon. The Lumb sub-group's activities have been notably successful.

Reid and Taylor's affairs continued to prosper and export sales of cloth from the Bradford based mills have also increased.

Hartley have expanded overseas business in both civilian and uniform cloths. Since the year end, one particular contract was secured for cloth to the value of almost £9m. for supply during and beyond the present trading year. This order will go far to compensate for the dull state of home trade worsted business, the chairman states.

The non-apparel busi[ness] have made further prog[ress]. Walkers again recorded a sound trading result despite generally depressed state of carpet business. Redman Smith's furishing fabrics well and in increasing quan[tities].

Wheatley achieved a [...] performance from world[...] export sales of over 90 per ce[nt.] of their production of fa[...] fabrics containing rare fibres.

Medium quality spinning ha[d a] successful year and the R[...] spinning plant earned a [...] share of that division's profit.

The company's service co[m]panies supplying the trade[, as] well as in-group business generally gave good account [of] themselves.

Extensive rebuilding and [engi]neering works are well advan[ced] to modernise and improve L[...] Folly Hall Mills, and also as p[art] of a rationalisation and reorg[an]isation plan Ladyship Wool [was] disposed of during the year.

The AGM of the company w[ill] be held at Highburton, n[ear] Huddersfield, on April 3, at [...] a.m.

Burton's new menswear venture

The Burton Group has open[ed] (in Watford) the first of a [...] series of menswear stores ca[lled] Top Man.

It represents the group's fi[rst] positive move into the young menswear market, providing [a] wide range of economically pri[ced] clothes for the 18-30 year old a[ge] bracket.

A similar shop is being open[ed] in Kingston upon Thames. Bo[th] shops are on the sites of previ[ous] Burton stores, and if success[ful] Burton plans to develop Top M[an] into a national chain.

Bonus rates lifted

Two assurance companies have announced increased bonus rates.

Refuge Assurance is stepping up its rates of reversionary bonuses with profits contracts in its ordinary branch for 1977. On assurances the rate is improved to £4.60 per cent. of the sum assured from £4.50 in 1976. In addition, the terminal rate payable on death or maturity claims on or after April 1, 1978, for the next 12 months, is also improved. This is now £1.50 per cent. of the sum assured for each year in force except the first five, plus a further £1 per cent. for each year in force except the first 15 years. The previous rates were £1 and £1 respectively.

The rates on deferred annuity contracts are also being increased for 1977 to £5.20 per cent. of the basic annuity from £5 per cent. in 1976. In addition the terminal bonus payable when the pension becomes due is lifted to £1.50 per cent. of the basic annuity for each year in force except the first five, compared with £1 per cent. previously.

FS Assurance, the Glasgo[w] based life company, has increa[sed] its interim bonus rate as fr[om] March 1 by changing the r[ate] applicable to attaching bonus[es]. Previously, the company declar[ed] the same rate applicable to [the] sum assured and attachi[ng] bonuses and this rate has be[en] £4 per cent. since the last t[...] triennial valuation at the end [of] 1975. Now the rate on the s[um] assured is kept at £4 per ce[nt.] but is increased to £5 per ce[nt.] per annum on attaching bonus[es].

In effect the company h[as] changed its reversionary bon[us] system in moving to a two tier system which is now regarded [as] being more equitable to t[he] longer term policies—it certain[ly] allocated them more bonus. T[he] company confirm that this syste[m] will be retained for the next t[...] valuation due at the end of th[e] year.

The terminal bonus rate, pa[y]able on death or maturity claim[s] is left unchanged at 20 per cen[t.] of attaching bonuses.

BIDS AND DEALS

Christoper Moran issue

Christopher Moran, the insurance broking and underwriting agents group, has issued 181,330 shares, at 55p each, to the vendors of Victor Cabs, a company acquired in 1975 and which has subsequently been put into liquidation.

Moran says it has made "strenuous efforts" to sell Victor Cabs, but because of "its continuing operating problems, this did not prove possible."

The issue of Moran shares represents the final instalment of a consideration payable under terms of an agreement entered into by Richardson Smith, before its reverse take-over by Moran. Victor Cabs was put into liquidation "to arrest the slowly mounting, but continually increasing, operating losses of the past 14 months and to prevent any possible drain on the cash resources of the Moran Group."

OZALID TRANSFER

Oce-Van der Grinten Finance has concluded arrangements whereby overseas interests of its subsidiary, Ozalid, are being transferred to Oce-Van der Grinten NV with effect from November 30, 1977. The interests being transferred comprise the Ozalid group's shareholdings in its non-U.K. subsidiaries (and, in due course, upon receipt of certain third party consents, the shareholding in its non-U.K. associated companies).

Consideration for the transfer of the non-U.K. subsidiaries is £9.45m., being the value thereof at November 30, 1977. A substantial amount was received from Oce-Van der Grinten NV in advance of the transfer of the non-U.K subsidiaries and was used to repay certain foreign currency borrowings originally raised by Ozalid to finance its investment in certain of its foreign interests. The £908,070 will be paid as the shares are transferred.

MACLEOD SIPEF

MacLeod Sipef has resorted to an extremely unusual, if not unprecedented tactic in its contested bid for London Sumatra. It has sent shareholders of the plantation company a yellow postcard enabling them to say whether or not they want more information about their company.

MacLeod Sipef asks the question, do shareholders of London Sumatra agree that their Board should provide more information (specified in detail in an accompanying circular) to enable them to make "an informed judgment and MacLeod Sipef to decide whether to increase its offer." Boxes in which to vote "yes" or "no" are provided and the cards are addressed to National Westminster Bank, New Issues Department. MacLeod Sipef is bearing the cost of postage.

SHARE STAKES

Amalgamated Metal Corporation—Norddeutsche Affinerie of Hamburg has acquired a further 22,500 Ordinary shares thereby increasing its holding to 1,069,313 (17.01 per cent.).

Inveresk Group—London and Manchester Assurance has increased its holding of 6 per cent. second Preference stock from 616,000 to 700,500.

Expanded Metal — Britannic Assurance has increased its holding by 75,000 shares and now holds a total of 1,125,000 (5.5 per cent.).

M. L. Holdings—General Stockholders Investment Trust has acquired a further 175,000 Ordinary shares thereby increasing its holding to 197,500 (9.875 per cent.). Hampson Industries has disposed of its entire holding of 170,000 Ordinary shares.

Avana Group—Sir Julian Hodge has acquired 50,000 Ordinary shares.

Hammerson Property and Investment Trust—Standard Life Assurance has acquired a further 10,000 shares thereby increasing its holding to 3,631,400 (28.8 per cent.).

Pleasurama—Sapphire Securities (in which Mr. E. H. Thomas is a director and shareholder) purchased 10,000 shares at 64p on February 22.

Tricentrol — Bricomin Investments and its subsidiaries (British and Commonwealth Shipping group) now hold a total of 2m. shares (5.40 per cent.).

Castlefield (Klang) Rubber Estate—Harrisons and Crosfield is now interested in a total of 1,286,207 shares (42.87 per cent.).

Holyrood Rubber — Harrisons and Crosfield is now interested in a total of £58,961 stock (68.43 per cent.).

Kuala Selangor Rubber—Harrisons and Crosfield is now interested in a total of 336,472 shares (43.4 per cent.).

Klinghall (Rubber) Development Syndicate—Harrisons and Crosfield is now interested in a total of 301,795 shares (38.32 per cent.).

Hongkong Selangor Rubber—Harrisons and Crosfield is now interested in a total of 198,901 shares (44.2 per cent.).

Brittains—Gerad Finance Corporation of Ferney Voltaire, France, now holds 1,134,000 Ordinary shares (9.99 per cent.).

هكذا من الأجل

...ending dividends ...metable

...the convenience of readers the dates when some of the ...portant company dividend statements may be expected in ...w weeks are given in the following table. The dates ...re those of last year's announcements except where the ...ing Board meetings (indicated thus*) have been officially ...ed. It should be emphasised that the dividends to be ...will not necessarily be at the amounts or rates per cent. ...the column headed "Announcement last year." Preliminary ...igures usually accompany final dividend announcements.

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

...blic Works Loan Board rates

Effective from March 4

...on-quota loans B are 1 per cent. higher in each case than non-...ans A. † Equal instalments of principal. ‡ Equal repayments.

...ECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

...nciation date usually last day for dealing free of stamp duty. b Figures ... prospectus estimate. d Assumed dividend and yield. u Forecast dividend ...ed on previous year's earnings. r Dividend and yield based on prospectus ... official estimates for 1978. g Gross. t Figures assumed. ‡ Cover allows ...rsion of shares not now ranking for dividend or ranking only for restricted ... § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued ... ‖ Offered to holders of Ordinary shares as a "rights." ** Rights ...f capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued ...tion with reorganisation merger or take-over. ‖‖ Introduction. □ Issued ... Preference holders. ■ Allotment letters (or fully-paid). ● Provisional ...-paid allotment letters. ★ With warrants. ◆ Quoted price subject to ...n for U.K. residents.

BASE LENDING RATES

...N. Bank	6½%	■ Hill Samuel	§ 6½%
...ed Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
...erican Express Bk.	6½%	Julian S. Hodge	7½%
...ro Bank	6½%	Hongkong & Shanghai	6½%
...Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
...ry Ansbacher	6½%	Keyser Ullmann	6½%
...co de Bilbao	6½%	Knowsley & Co. Ltd.	9%
...k of Credit & Cmce.	8½%	Lloyds Bank	6½%
...k of Cyprus	6½%	London & European	8%
...k of N.S.W.	6½%	London Mercantile	6½%
...que Belge Ltd.	6½%	Midland Bank	6½%
...que du Rhone	7%	■ Samuel Montagu	6½%
...clays Bank	6½%	■ Morgan Grenfell	6½%
...nett Christie Ltd.	8½%	National Westminster	6½%
...mar Holdings Ltd.	7½%	Norwich General Trust	6½%
...t. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
...wn Shipley	6½%	Rossminster Accept'cs	6½%
...ada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
...itol C & C Fin. Ltd.	9%	Schlesinger Limited	6½%
...zer Ltd.	7%	E. S. Schwab	8½%
...lar Holdings	8%	Security Trust Co. Ltd.	7½%
...rterhouse Japhet	6½%	Shenley Trust	8½%
E. Coates	7½%	Standard Chartered	6½%
...nsolidated Credits	6½%	Trade Dev. Bank	6½%
...operative Bank	* 6½%	Trustee Savings Bank	6½%
...inthian Securities	6½%	Twentieth Century Bk.	7½%
...dit Lyonnais	6½%	United Bank of Kuwait	6½%
...Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7%
...ncan Lawrie	6½%	Williams & Glyn's	6½%
...il Trust	6½%	Yorkshire Bank	6½%
...glish Transcont.	8%		
...st London Secs.	6½%		
...st Nat. Fin. Corpn.	8½%		
...st Nat. Secs. Ltd.	8%		
...tony Gibbs	6½%		
...yhound Guaranty	6½%		
...ndlays Bank	‡ 6½%		
...nness Mahon	6½%		
...mbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3½%, 1-month deposits 3¾%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3¾% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

Buoyant look for Alusuisse

BY JOHN WICKS

ZURICH, March 5.

CONSOLIDATED turnover of the Alusuisse Group rose by 13 per cent. last year to Sw.fr.5.44bn. ($2.93bn.), according to Swiss Aluminium Company, the group's Zurich parent undertaking. In 1976 group sales had risen 24.3 per cent. to Sw.fr.4.83bn. ($2.6bn.), following a setback in the previous year.

After increased depreciation of Sw.fr.359.6m. (Sw.fr.291.1m.), group profits showed a sharp improvement to Sw.fr.152.3m. (1976: Sw.fr.81.5m.), helping group cash-flow to Sw.fr.511.9m. (Sw.fr.372.6m.).

Net profit of the Swiss parent rose from Sw.fr.33.56m. to Sw.fr.44.64, last year. From this, the Board recommends payment of increased dividend of Sw.fr.20 (Sw.fr.15) per registered share and Sw.fr.40 (Sw.fr.30) per bearer share. This marks a move towards the 1974 level of 12 per cent. dividend—Sw.fr.30 and Sw.fr.60 on registered and bearer shares, respectively—which had been halved in recession year 1975 and was unchanged for 1976.

While group turnover of Alusuisse—active in aluminium and chemicals manufacturing, mining, electricity generation and engineering—passed the 1974 figure last year, parent-company net profit is still not back to the level of Sw.fr.63m. booked in that year.

Pluess-Staufer

CONSOLIDATED group turnover of the Swiss chemicals trading concern, Pluess-Staufer AG, of Oftringen, declined slightly last year, by 1.2 per cent. to Sw.Frs. 474m. ($408m.) from Sw.Frs. 757m., as a result of exchange rate movements.

Had exchange rates remained unchanged, the company—which represents the German Hoechst Group in Switzerland—would have experienced a 4.4 per cent. growth of group sales, writes John Wicks from Zurich.

In view of economic conditions the company expresses its satisfaction with turnover and with net profit, including carry-over, of Sw.Frs.4.05m. ($2.2m.) against Sw.Frs.4.07m.

The parent company is to pay an unaltered dividend of Sw.Frs. 250 per share for 1977, and to transfer Sw.Frs.3m. (Sw.Frs. 3.5m.) to a reserve fund for foreign activities. On January 1 the group merged its U.S. operations into a newly-formed subsidiary called Pluess-Staufer Industries Corporation of Proctor, Vermont.

Pirelli E C gain

MILAN, March 5.

PIRELLI E Cia., a holding company whose main interests are in Industrie Pirelli SpA., has reported a 50 per cent. increase in 1977 profit to L2.26bn. ($2.66m.) from L1.51bn. in 1976.

The company is increasing its dividend to L130 a share, from L110.

Pirelli E Cia., one-third owned by the Pirelli family, in turn owns more than 20 per cent. of Pirelli SpA. jointly with Societe Internationale Pirelli SA, Basle.

Pirelli E C plans to raise capital by L8.1bn. to L18.5bn. by raising the nominal value of its shares from L750 to L1,000 and by a one-for-three rights issue at the new par value.

Shares will rank for dividend from January 1, 1978.

The company is to set aside L400m. for a special dividend stabilisation fund.

Agencies

Brown Boveri sales rise

MANNHEIM, March 5.

EXTERNAL SALES of Brown Boveri and Cie. rose 11 per cent. in 1977 to DM3.83bn. ($1.9bn.), from DM3.44bn. in 1976.

The sales gain was attributed to a 56 per cent. rise in foreign sales stemming largely from the company's plant installation sector. In contrast, domestic sales fell 10 per cent.

Earnings are expected to be about the same as in 1976, at DM49m. ($24.5m.). The company comments that earnings were hurt by high personnel costs, though costs of materials rose less sharply than in the previous year.

* * *

BAYER AG will not be able to hold its 1977 dividend at the 1976 level of DM8 said Management Board Chairman Herbert Gruenewald, Reuter reports.

Astra ahead of forecast

By John Walker

STOCKHOLM, March 5.

ASTRA, the Swedish pharmaceutical concern, reports pre-tax earnings for 1977 up 13 per cent. at Kr.116m., better than forecast. This follows an 18 per cent. rise in sales to Kr.1.7bn. (U.S.$380m.) compared with Kr.1.4bn. in 1976. Changed accounting methods are now in operation and this has led to a slight reduction in the profit level for 1977 when compared with the previous year.

The calculated net profit per share amounted to Kr.17 compared with Kr.15 in the previous year. Group operating costs went up from Kr.1.3bn. in 1976 to Kr.1.5bn. in 1977. The group pre-tax profit amounted to Kr.116m. compared with Kr.103m. in 1976. The Board proposes an unchanged dividend of Kr.5 per share.

Money and Exchanges

Bank of England Minimum Lending Rate of 6½ per cent.
(since January 6, 1978)

Short-term interbank interest rates were very firm for most of last week, with various reasons suggested for the high rate commanded by seven-day money. Banks seemed to be under the impression that technical problems in the discount market was helping to keep money tight, while the houses seemed equally sure that manoeuvring by the banks themselves was behind the situation. The handling of the market by the authorities was also mentioned as a contributory factor. But by Thursday afternoon money was more freely available and rates eased.

The number of Treasury bills in circulation has been declining recently, partly because weekly issues tend to be low in the early part of the year, since Government revenue is boosted by heavy tax payments. Bill maturities have generally been at a higher level than issues since the beginning of the year.

The willingness of the authorities to buy bills from the houses to discourage any possibility of a rise in Minimum Lending Rate, has also exaggerated the situation, and this has left the houses rather short of bills. The general demand for bills has not been high—the yield is too low in relation to other interest rates—but houses have other considerations, including their requirements for normal market operations, while several houses are interested in increasing holdings of bills across the end of their financial year.

This potential shortage of bills led the authorities to give assistance on a purchase and resale basis on Tuesday. They bought bills from the houses to relieve a day-to-day shortage, but agreed to sell them back at an agreed date, which is expected to coincide with a plentiful supply of money.

The foreign exchange market suffered from a degree of nervousness which was quite exceptional, even by recent standards. Reinforcement of measures announced the previous week to keep speculative funds out of Switzerland had a limited impact, and various comments were made about the weakness of the dollar, on both sides of the Atlantic.

The dollar fell to a record low against the Swiss franc of Sw.Frs.1.7550 on Wednesday, but finished the week at Sw.Frs.1.8650 compared with Sw.Frs.1.8550 on the previous Friday.

The dollar fell below 2 D-mark for the first time on Wednesday, touching a low point of DM1.9875. It recovered later in the day, mainly on profit-taking, and was fairly firm in early trading on Thursday. The lack of any moves to prevent foreign money flowing into Germany pushed the dollar down to DM1.9980 later, however, but it improved to DM2.0220 on Friday, compared with DM2.05 at the end of the previous week.

Publication of the U.S. trade figures on Friday had little influence on a quiet market, but the U.S. authorities probably took advantage of the lack of trading to push up the rate against the strong European currencies.

Sterling rose 95 points on the week against the dollar, to finish at $1.9390-1.9400, but its trade-weighted index, as calculated by the Bank of England fell to 65.3 from 65.5.

Gold touched $184-183¾ on Thursday, the highest closing level since February 1975, and closed at $183¾-184¼ on Friday, a rise of $3¾ on the week.

Mar. 3 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	4-6¾	—	—	—	6¾	5½-6	—	—	—
2 days notice	—	—	6⅝-6½	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6¾	6½-6⅝	—	6¾-7	6¾	6-6⅛	—	—	—
One month	6⅞-6⅝	6½-6⅞	6⅝-6½	6⅞-6½	6¾-6⅞	6⅞	6	5⅞	6⅞-6¼	7⅛
Two months	6¾-6⅝	6¾-6⅞	—	6⅞-6½	6⅞-7⅛	—	6-6⅛	5 15/16	6⅝-6⅝	7⅛
Three months	7-6⅞	7⅛-7¼	6⅞-7	7-6⅝	7⅛-7⅜	7⅛	6¼	5⅞-6	6⅝	7⅛-7¼
Six months	7¾-7⅝	7¾-7⅞	7½-7¾	7¼-6⅞	7⅞-8⅛	—	—	—	7⅛-7⅝	7¾
Nine months	8⅛-8	8⅛-8¼	—	8⅛-7¾	8⅜	—	—	—	—	—
One year	8⅜-8	8¼-8½	8¼-8⅜	8⅜-8	8½	—	—	—	—	—
Two years	—	—	9⅛-9½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 10¼-10½ per cent.; four years 10½-10¾ per cent.; five years 10¾-11 per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6 15/16-7 per cent. Four-month trade bills 7¾-7½ per cent.

Approximate selling rates for one-month Treasury bills 5¾-5 27/32 per cent.; two-month 5 15/16 per cent.; and three-month 5 29/32-5 31/32 per cent. Approximate selling rate for one-month bank bills 6 1/16 per cent.; two-month 6¼-6 9/32 per cent.; and three months 6½ per cent. One-month trade bills 7 per cent.; two-month 7 per cent.; and also three-month 7-7¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice): 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9840 per cent.

FOREIGN EXCHANGES

‡ Rates given are for convertible francs. Financial franc 61.80-61.90.

OTHER MARKETS

Rate given for Argentina is a free rate.

GOLD MARKET

EXCHANGE CROSS-RATES

Canadian $ in New York = 89.95-90 c. U.S. $ in Milan 860.25-861.45. Sterling in Milan 1647.50-1668.50.

FORWARD RATES

Six-month forward dollar 0.90-0.85c pm. 12-month 1.65-1.55c pm.

EURO-CURRENCY INTEREST RATES

CURRENCY RATES

SIMCO MONEY FUNDS
(Saturn Investment Management Co. Ltd.)

Rates of deposits of £1,000 and upwards for w/e 5.3.78

7-day Fund	% p.a.
Mon.	5.749
Tues.	5.761
Wed.	5.784
Thur.	5.871
Fri./Sun.	5.844
3-Month Fund	
Wed.	6.125

MINING NOTEBOOK

Diamonds may bring a sparkle to RTZ

BY LODESTAR

THE ANNUAL report of the Rio Tinto-Zinc group's down-under offshoot Conzinc Riotinto of Australia will be awaited with more interest than usual this year. What will be looked for is further news of the company's search for diamonds in the aptly named Kimberley region of Western Australia.

Locally there is a good deal of talk about this venture shaping up into the group's next new mining proposition. Officially the project is being kept very much under wraps. But two significant developments can be reported.

A pilot plant is being installed to test the diamondiferous kimberlite pipes that have been located. And the company has put Mr. John Falk in charge. He is one of the up and coming younger members of the organisation and is in particular looking into diamond marketing possibilities. De Beers is believed to have been already approached on this score.

Another pointer is the way in which CRA has been busily trying to build up its stake in the venture. A year ago it only had 35 per cent. Now it has a controlling 53 per cent. The next largest slice is 27 per cent. held by AO (Australia), an offshoot of the former London Tin group, now Malaysian Mining Corporation. Other members of the consortium are Tanganyika Concessions with 8 per cent., Northern Mining 5 per cent. and Belgium's Sibeka 7 per cent. It would be rash at this stage to conclude that CRA has definitely established a viable diamond-mining proposition but the way things are going it looks as though hopes are running high.

Uranium caution

That this inhospitable and remote north-eastern region of Western Australia is diamond country has been shown by De Beers' long-time presence there. What it has found, if anything, is an even closer-kept secret. But the world's biggest diamond group is believed to be still looking. The CRA report is due early next month.

There has been another turn of the screw to aggravate the aches and pains being suffered by the potential uranium miners in Australia's Northern Territory. The country's Atomic Energy Commission has joined other forecasters by scaling down its former estimates of future world demand for the nuclear material, as detailed in last Thursday's Mining News column.

This is further evidence of how prolonged government procrastination is not only making it almost daily more expensive to put Australian uranium onto world markets but is also making it more and more likely that all the most lucrative high-price supply contracts will have been snapped up by Canada and South Africa by the time Pancontinental, Peko-Wallsend, Queensland Mines and Western Mining are allowed to peddle their wares.

This is assuming that all the opposition to uranium-mining by trade unions and environmentalists can be overcome not to mention the Aboriginal problems that are involved in the Northern Territory.

The last-named factor has been highlighted by a blast from a government consultant on Aboriginal affairs Dr. Coombs who has attacked Pancontinental's environmental impact statement alleging that it dealt shoddily with its assessment of the effect uranium-mining would have on the region's Aboriginal people. So he urged that mining approval should not be granted until an independent agency had gone into the matter thoroughly.

Thus the long, long road that the companies have been treading still has its pitfalls. It is now over five years since the major uranium finds became poised for development. Altogether, it looks as though any period of share market euphoria that would follow a definite Government "yes" could be short-lived. And it is by no means certain that the next pronouncement from Canberra will be a really decisive one. Meanwhile, Pancontinental's shares, 800p on Friday, bob about uncertainly in a nervous market.

Peko prospers

Those of Peko-Wallsend behave better and with a strong earnings background from a variety of minerals are a more suitable means of following the Australian uranium trail for those with weak nerves. Buoyant 6-month results indicate that profits for the year to June should set another new high record and that dividends will be at least sustained at 15 cents on a capital that is being increased by a further free scrip issue, this time one for five.

In the period to December it was a case of swings and roundabouts with revenue from coal, gold and wolfram offsetting poorer returns from copper, bismuth and beach sand minerals. On the uranium front Peko is as well placed as any. The Ranger find, which it shares with EZ Industries, is a favourite son so far as Government is concerned because it is a partner therein. It will certainly be the first to get the thumbs up sign. And Peko has now made what looks to be another major uranium find.

On my visits to Australia I have found Peko to be a rather unapproachable and insular concern but the quality of its management has been proven by its record in recent difficult times. The chief executive Mr. G. B. Lean is to succeed Mr. John S. Proud as chairman later this year. The role of chief executive is being taken over by a recruit from CRA, Mr. Donald Stewart, managing director of Hamersley Holdings. This move has been amicably approved by CRA chief, Mr. Rod Carnegie. Peko are 435p.

* * *

Things are still looking bright on the platinum front. Friday's London "fix" was $229.75, not far below the recent peak and comfortably above the $220 to which Rustenburg raised its producer quote just over a week ago.

Once again the Japanese have come in as buyers in the opening days of the month when they are usually content just to absorb their contract metal from South Africa. Russian sales remain conspicuous by their absence. The reason for this provides the major uncertainty. If it is an enforced absence and might thus be a prolonged one then the $250 an ounce level could be coming in sight.

Meanwhile, the market waits for Impala to follow Rustenburg's price move. This would be taken to indicate that Impala's chairman Mr. Ian Greig considers that the free market has consolidated after its recent rapid advance and that he is no longer nervous about the speculative nature of some of the buying.

INSURANCE

Protecting title to property

BY OUR INSURANCE CORRESPONDENT

THE Royal Commission on Legal Services has been taking evidence on a wide range of subjects. One is conveyancing—the transfer of domestic commercial property from seller to buyer, which, has for decades been in the grip of solicitors. Witnesses have argued that the Law Society's monopoly should be broken and that, for example, licensed conveyancing firms with cheaper rates be established.

Away from the Royal Commission, there are those who assert that anyone should be able to do his own conveyancing and if he cannot, that he still does not need a legally qualified or supervised conveyancer to do the job for him.

Solicitors and staff can make conveyancing errors which lead to claims usually by aggrieved buyers. So how much more prone to error and vulnerable to claim would be non-legally qualified, but licensed conveyancers?

Remembering that the Law Society has a compulsory professional indemnity scheme and that some solicitors insure beyond that scheme, licensed or unlicensed conveyancers would require insurance cover for professional negligence, or some mutual fund to protect their clients.

In view of the difficulties the professional indemnity market has faced, and the problems solicitors encountered in getting their compulsory scheme off the ground, it seems unlikely that the insurance market would favour the protection of any licensed conveyancers scheme, unless adequate professional standards were established.

If not, the public would gain nothing from cut-price conveyancing and many buyers could be at greater risk.

When A sells to B his title could be defective, or his property subject to restrictive covenants which have been breached. British insurers have long provided special indemnities for the protection of the purchaser.

But the number of occasions when such an indemnity is required are relatively few, partly because of the increasing practice of registration of title rather than reliance on a chain of title deeds.

There are cases where insurers reckon the title too defective to be insurable, or the breach of covenant so certain to provoke claim that they will not provide cover. In such circumstances, the buyer goes ahead with the purchase at his own risk.

British insurers aim to provide cover for the particular risk after full investigation, and because relatively few propositions are offered to insurers and in the majority there is a real percentage risk of claim, premiums are expensive.

The purchaser of property now has two-fold protection against unsatisfactory title—direct insurance protection when there is a patent defect in title or breach of covenant for which a policy can be obtained, and the opportunity of a professional indemnity claim against his solicitors if they fail to investigate properly the seller's title.

For this latter protection he pays no identifiable insurance premium, but must reckon that some small part of his solicitors' charges are ear-marked for the latter's professional indemnity insurance.

Last week, an American-based company CTI-Dominion, in a submission to the Royal Commission, asserted that American-type title insurance could cut conveyancing costs here and leave the solicitors in the conveyancing saddle, but with reduced work.

Title insurance could be provided for all purchasers at about £2.50 per £1,000 of purchase price, say £50 for a £20,000 house.

For British insurers, this kind of cover must at first appear unattractive. Undoubtedly, it blurs the demarcation between defective title and professional indemnity covers, when for a number of reasons it is desirable that these aspects be kept separate.

Moreover, in virtually all classes of insurance written in the private sector (as contrasted with the state scheme), practice is to relate premium to the individual risk: blanket cover and blanket premiums mean that the good risks pay for the bad.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	9½	½-year	250	4-7
Poole (02013 5151)	9½	½-year	500	4
Poole (02013 5151)	9¾	½-year	500	5-7
Reading (0734 592337)	10	½-year	1,000	5-7
Redbridge (01-478 3020)	10	½-year	200	5-7
Southend (0702 49451)	9	½-year	250	3
Thurrock (0375 5122)	9¾	½-year	300	4
Thurrock (0375 5122)	10	½-year	300	5-7
Wrekin (0952 505051)	8	½-year	500	2
Wrekin (0952 505051)	10	yearly	1,000	4

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

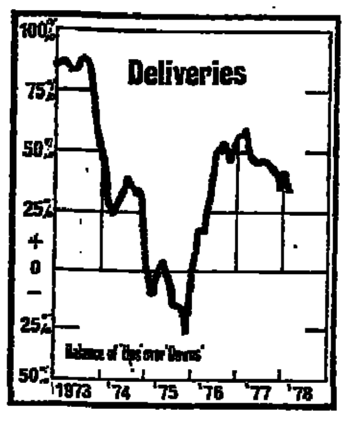
Better for some sectors

THE DIVERGENT trends between the consumer and industrially oriented sectors of the economy have been brought out clearly by the past two months' surveys. In January there was growing optimism in the consumer sectors based upon signs of a revival in consumer spending. Last month the chemicals/oils and shipping/transport sectors were found to be taking a more pessimistic view of an already depressing situation.

The trend of orders and deliveries had weakened in face of low demand and considerable excess capacity, and more companies were expecting reduced profit margins and lower rates of return.

In mechanical engineering, on the other hand, activity appears to be beginning to pick up from a very low level.

All three sectors took a less buoyant view of export prospects. The main factors here were the rise in the pound and the slow growth of world demand, coupled in the chemicals and shipping sectors with the problem of excess capacity. Many companies also made a point about export business becoming less profitable.



ORDERS AND OUTPUT

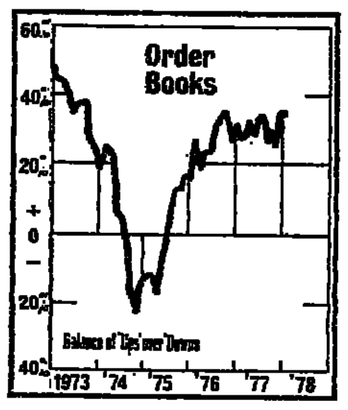
A revival in engineering

IN mechanical engineering the pace of activity appears to have quickened a little, although to nothing like the extent that was evident in the consumer sectors included in the January survey. The engineering companies interviewed last month were on balance more inclined to report a higher trend in recent orders and deliveries and higher expectations for output over the coming twelve months than when this sector was last surveyed four months ago.

Their experience contrasted noticeably however with that of the chemicals/oils and transport/shipping sectors. In both sectors, the trend of orders and deliveries had weakened and output forecasts had been lowered.

In the chemicals/oils sector, this was put down to the sluggish state of U.K. demand, the low growth rate abroad, the substantial excess capacity that was now about, and the tendancy for customers to take advantage of the situation by cutting stocks.

Excess capacity was also the principal problem in shipping, together with the effect of exchange rate changes.



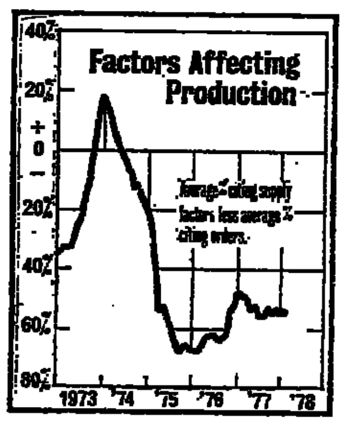
CAPACITY AND STOCKS

Skilled labour is the key

GIVEN the comparatively low level of activity which still obtains in most sectors, it is worrying—to say the least—to find so many companies complaining of difficulties in recruiting staff of the requisite skill or experience. The extent to which this factor is cited has been steadily growing for about a year.

In the past four months almost half of all the companies interviewed have seen reason to mention a shortage of skilled factory staff and a third have said that executive staff are hard to find. In engineering last month, two-thirds complained about a scarcity of skilled factory staff and two-fifths mentioned executive staff.

The problem appears to be a wide-ranging one, both geographically and in types of skills. In the case of executive grades, the difficulties ranged across marketing, middle management, draughtsmen, technically qualified staff capable of handling export business, and trainee ships' officers. In the case of factory skills, the examples included electronically trained people, the need for whom was said to be insufficiently appreciated in schools and colleges, and technicians for research and development work.



CAPACITY WORKING

	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Above target capacity	9	12	13	13	—	1	24
Planned output	60	55	52	49	67	51	65
Below target capacity	31	32	34	37	33	48	—
No answer	—	1	1	1	—	—	11

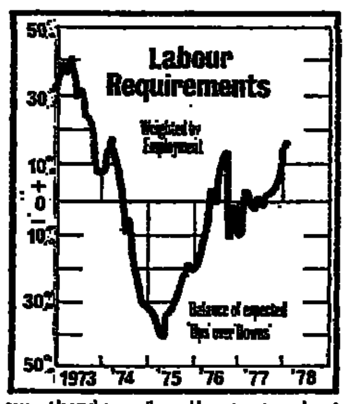
INVESTMENT AND LABOUR

Prospects are improving

IN THE short run the shortage of skilled recruits is likely to become worse. With all three sectors surveyed last month taking a more optimistic view about the forward manpower needs over the next 12 months, the all-industry indicator for employment has risen a further notch.

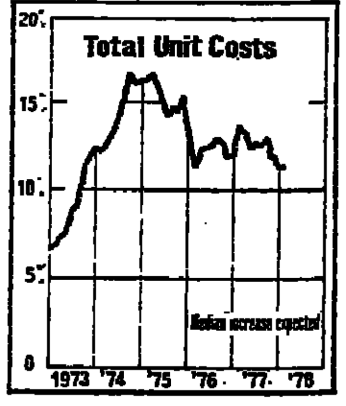
The underlying trend has been improving for about two years and since last summer the balance of "ups" over "downs" has been positive. The overall positive balance is still very small, as compared with the position before 1974, and almost two-thirds of all respondent companies expect to make do with about the same size labour force. But the trend is an encouraging one.

The underlying trend for investment intentions over the coming 12 months is also distinctly favourable. This is in spite of a less bullish view in the shipping and transport sector, which resulted in a slight drop in the all-industry indicator last month. The investment outlook in chemicals and oils remained high, however, and the engineering sector had raised its sights since last October.



COSTS AND PROFIT MARGINS

Keeping to the guidelines



RECENT surveys have shown that most companies expect to be able to observe both aspects of the Government's pay guidelines—the 12 months rule and the 10 per cent. overall ceiling—and the picture is not changed by last month's soundings. As a result, the median forecast increase for wage costs in the next 12 months has peaked out at the 12-13 per cent level.

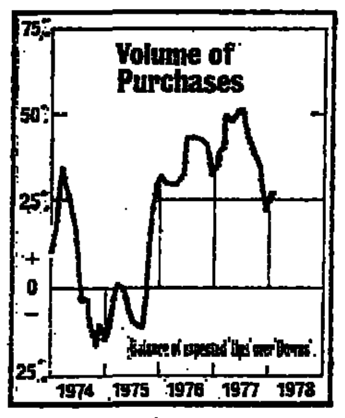
Together with the fall in materials prices and the rise in the exchange rate, this has helped to bring about the hope of a lower rate of increase in total-unit costs and output prices. But these have not yet fallen to single figures: the median forecast increase for both is still around the 11 per cent. mark.

The outlook for profits, on the other hand, is discouraging. Both the chemicals, the oils and the shipping/transport sectors took a more gloomy mood last month. As a result, the all-industry indicators for profit margins in the next 12 months and earnings in the current financial year have become negative for the first time since end-1975.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, as based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index which accounts for about 60 per cent. of the turnover of all public companies. The weighting is by market capitalisation, save where an alternative method of weighting is cited.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month). *Complete tables can be purchased from Taylor Nelson and Associates.*



GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
More optimistic	41	47	39	40	28	14	5
Neutral	39	36	43	40	70	31	35
Less optimistic	18	15	16	20	2	55	60
No answer	2	2	2	—	—	—	—

EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Higher	75	79	83	86	85	69	54
Same	8	10	10	10	1	13	12
Lower	14	11	7	4	—	18	34
Don't know	3	—	—	—	14	—	—

NEW ORDERS

The trend of new orders in the last 4 months is:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Up	48	48	41	42	84	17	29
Same	28	20	19	17	10	55	71
Down	12	11	16	15	6	28	—
No answer	12	21	24	26	—	—	—

PRODUCTION SALES TURNOVER

Those expecting production-sales turnover in the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Rise over 20%	4	5	4	4	—	—	—
Rise 15-19%	7	9	5	5	2	—	—
Rise 10-14%	11	18	18	19	41	3	—
Rise 5-9%	27	16	22	24	24	57	5
About the same	45	46	44	40	10	40	84
Fall 5-9%	3	3	3	3	—	—	—
Fall over 10%	12	—	—	—	—	—	11
No comment	3	3	4	5	23	—	—

STOCKS

Raw materials and components over the next 12 months will:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Increase	44	43	30	31	36	23	5
Stay about the same	47	48	56	54	39	55	84
Decrease	8	4	7	8	6	22	11
No comments	1	5	7	7	19	—	—
Manufactured goods over the next 12 months will:							
Increase	35	31	23	29	5	35	5
Stay about the same	42	43	48	41	35	33	24
Decrease	3	2	4	5	11	1	—
No comment	20	24	25	25	49	31	71

FACTORS CURRENTLY AFFECTING PRODUCTION

	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Home orders	85	82	81	76	89	98	77
Export orders	60	56	60	60	63	98	77
Executive staff	34	30	20	25	40	13	84
Skilled factory staff	46	39	38	36	65	48	35
Manual Labour	11	7	3	4	9	22	35
Components	7	8	8	8	38	2	—
Raw materials	9	9	10	8	19	—	—
Production capacity (plant)	11	11	11	10	—	2	—
Finance	—	—	1	1	—	—	—
Others							
Labour disputes	12	7	12	13	28	29	—
	38	36	32	29	31	35	24
No answer/no factor	4	5	2	2	2	—	11

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Increase	27	25	24	25	28	68	—
Stay about the same	62	64	56	54	48	32	100
Decrease	11	11	20	20	24	—	—
No comment	—	1	—	1	—	—	—

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Increase in volume	51	56	54	53	55	83	—
Increase in value but not in volume	12	11	11	15	13	—	—
Stay about the same	17	16	15	10	27	—	13
Decrease	18	14	14	16	5	17	87
No comment	2	3	6	6	—	—	—

COSTS

Wages rise by:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
0-4%	—	—	—	—	—	—	—
5-9%	5	6	8	8	3	—	—
10-14%	74	74	70	70	78	76	40
15-19%	10	11	14	15	—	22	—
20-24%	—	—	—	1	—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
No answer	11	9	8	6	19	2	60
Unit cost rise by:							
0-4%	3	5	3	4	—	—	—
5-9%	24	22	12	11	19	36	16
10-14%	60	60	64	64	53	55	84
15-19%	6	5	8	8	—	9	—
Same	1	2	2	2	—	—	—
Decrease	1	1	1	1	9	—	—
No answer	5	5	10	10	19	—	—

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				February 1978		
Improve	24	22	27	29	36	27	—
Remain the same	43	55	46	45	43	14	29
Contract	29	21	22	22	2	59	60
No comment	4	2	5	4	19	—	11

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Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Mar. 7—April 1	Daily Mail Ideal Home Exhibition	Olympia
Mar. 12—15	London Young Fashion Fair	Earls Court
Mar. 13—17	Scientific & Industrial Laboratory Instrument Ex.	U.S. Trade Center, W.1
Mar. 13—17	International Electrical Exhibition	Nat. Exbn. Centre, B'ham.
Mar. 13—17	International Pneumatics & Hydraulics Exbn.	Nat. Exbn. Centre, B'ham.
Mar. 13—17	Int. Instruments, Electronics & Automation Exbn.	Nat. Exbn. Centre, B'ham.
Mar. 14—16	Int. Public Address Equipment Exbn.	Cunard Int. Hotel, W.6
Mar. 16—17	Vending Equipment, Refreshment Services Exbn.	Cumberland Hotel, W.1
Apr. 3—6	Environmental Pollution Control Equip. Exbn.	U.S. Trade Center, W.1
Apr. 3—7	Int. Heating, Ventilating & Air Conditioning Exbn.	Nat. Exbn. Centre, B'ham.
Apr. 4—5	Electro-Optics Exhibition	Metropole Centre, Brighton
Apr. 4—6	Computermarket '78 Exhibition	Bloomsbury Centre Htl., WC1
Apr. 4—7	Information Handling & Management Exhibition	West Centre Hotel, S.W.6

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Mar. 7—10	Powder Technology & Bulk Solids Exbn.	Basle
Mar. 8—12	Int. Oil & Gas Heating Exhibition	Stuttgart
Mar. 12—14	International Shoe Fair	Utrecht
Mar. 12—19	International Spring Fair	Leipzig
Mar. 14—18	Int. Printing & Paper Industry Fair	Zagreb
Mar. 15—18	International Building Exhibition	Singapore
Mar. 15—19	International Trade & Industry Fair	Jeddah
Mar. 31—Apr. 5	Int. Woodworking Machinery & Wood Ind. Exbn.	Paris
Mar. 31—Apr. 5	Supplies & Materials for the Furniture Ind. Exbn.	Paris
Apr. 2—6	*International Fashion Week*	Munich
Apr. 3—8	Electronic Components Exhibition	Paris
Apr. 4—7	Total Transport '78 Exhibition	Rotterdam

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Mar. 7	British Institute of Management National Convention	Wembley Conf. Centre
Mar. 7—8	Lenoforn: Cost-Eff. Print in Marketing	Inst. Marine Eng., E.C.3
Mar. 8	Henley Centre for Forecasting: *Forecasts for the U.K. Leisure Markets to 1983*	Carlton Tower Hotel, S.W.1
Mar. 9	Confederation of British Industry: Nigeria 1978	21, Tothill St., S.W.1
Mar. 9	Association of Industrial Development Officers: *Industrial Expansion Outside Industrial Development Areas*	*Brandon, Rugby*
Mar. 13	College for the Distributive Trades: Inflation Accounting	30, Leicester Square, W.C.2
Mar. 13—14	State of the Art: Technical Marketing Conference	Royal Garden Hotel, W.8
Mar. 13—17	Kepner Tregoe. Decision Making for Senior Management	Hartley Wintney
Mar. 14	Building Advisory Service (BAS): Arbitration of Building Disputes	Cavendish Conf. Centre, W.1
Mar. 14	Anthony Skinner: The Detection and Prevention of Fraud	Piccadilly Hotel, W.1
Mar. 14—16	*Computer-Aided Design: Computers in Engineering and Building Design*	Metropole Centre, Brighton
Mar. 15	Institute of Credit Management National Conf.	Hilton Hotel, W.1
Mar. 15	Centre for Interfirm Comparison: Management Ratios and Interfirm Comparison	Management House, W.C.2
Mar. 15—17	Keith Shipton Developments: Marine Risk Management	Royal Garden Hotel, W.8
Mar. 16	Investment & Property Studies: Corporate Credit Risk Assessment	Press Centre, E.C.4
Mar. 16	Schlesingers: Outlook for Wall Street 1978/79	Great Eastern Hotel, E.C.3
Mar. 16	Offshore Centre: The Procurement Picture for the *Offshore Supply Industry 1978/79*	*Connaught Rooms, W.C.2*
Mar. 20	Confederation of British Industry: USSR—The Outlook for British Business	Quaglino's, S.W.1
Mar. 20—22	Resources Policy: The Economics, Politics & Social Implications of Resource Use & Conservation	Oxford
Mar. 21	British Council of Productivity Associations: The Legal Implications of Interviewing—Selection and Promotion	Metropole Hotel, W.2
Mar. 21	Gresham Management Services: Employee Participation in the Retail & Distributive Industries	*Hyde Park Hotel, S.W.1*
Mar. 21	Oyez/IBC: The Tax Consequences of Trusts To-day	Europa Hotel, W.1
Mar. 22	London Chamber of Commerce & Industry: Pre-Shipment Finance for Small & Medium Sized Firms	69, Cannon St., E.C.4
Mar. 30	British Frozen Food Federation Export Seminar	
Mar. 31	*Management Training Consultants: Current Trends in Management & Supervisory Training*	World Trade Centre, E.1
Mar. 31—Apr. 3	Institute of Personnel Management. The Impact of Government on Company Pay Policies & Industrial Relations	Oxford

APPOINTMENTS

Robin Hutton joins Northern Rock's London Board

Mr. Robert Hutton has joined the London Board of NORTHERN ROCK BUILDING SOCIETY. Until the end of January Mr. Hutton was director of financial institutions with the European Commission in Brussels, after having previously been a special adviser to the U.K. Government from 1970-73. It was recently announced that Mr. Hutton is to become an executive director of S. G. Warburg and Co.

★

Mr. Paul Thompson is relinquishing his posts with ROYAL WORCESTER SPODE to pursue other interests. Mr. R. S. Fraser, who was group controller, European area, the Carborundum Company, and has served as an alternate director of Royal Worcester Spode, has been made assistant chief executive. He will be responsible to Mr. L. T. Davies, the chief executive.

★

Mr. Denys Robey has been made managing director of HAFFENDEN-RICHBOROUGH, a division of LRC International. In 1973 he joined the group's light engineering company, Autonumis, of which he became managing director, a position he subsequently held with LRC's pharmaceutical company until his latest appointment.

★

Mr. Sidney J. Wynn-Simmonds has been appointed managing director of EVODE (EXPORT), part of the Evode Group. He previously held a similar position in Savage Industries and prior to that was 14 years with Dexion, as managing director of Dexion Benelux, and director of the overseas projects division.

★

Mr. John Lowein has been appointed acting regional executive, MOBIL EUROPE INC., from April 1. He is now plans and programs manager, Mobil Europe. Replacing Mr. Lowein on May 1 will be Mr. Roger O'Neil, now general manager, Mobil Singapore.

Mr. Michael Gough, formerly of the Bank of England, has been appointed director of the COUNCIL OF FOREIGN BONDHOLDERS in succession to Mr. C. E. N. Wyatt, who has retired as director but remains a member of the Council.

★

The Independent Broadcasting Authority has appointed Mr. Robin Reeves, a member of its WELSH ADVISORY COMMITTEE. Mr. Reeves joined the Financial Times in 1963 and represented it in Brussels from 1973 to 1977. Since the beginning of this year he has been its correspondent in Wales and the West of England.

★

Mr. Bruce Jackson has been appointed to the Board as finance director of SISTEX SUPPLIES, part of the industrial and commercial division of Ellerman Lines. Mr. Jackson joined Ellerman Lines transport division—EWL—in 1956 in the accounts department and moved to Sistex Supplies as company accountant in 1975.

★

Mr. B. M. Kaye has resigned as a director of the RAKUSEN GROUP.

★

Mr. W. K. Allen has joined the SINDALL GROUP as marketing executive. Mr. Allen was previously sales manager of Tarmac's Mitchell Construction Division at Peterborough.

★

Mr. Peter J. Dewey has resigned from the Board of J. H. DEWEY AND CO., one of the Lloyd's broking subsidiaries of the Sterling Credit Group, and in future will concentrate on his underwriting agency company, P. J. Dewey (Agencies) Company, which is not connected with the Sterling Credit Group.

★

Mr. R. Somerrell has retired from the Board of K SHOES.

★

Mr. W. R. Booth has retired from the chairmanship of the Court of Governors of the CITY OF LONDON POLYTECHNIC, which he has held since 1973. He is succeeded by Mr. H. H. West, formerly vice-chairman. Mr. D. H. J. Lester has been elected vice-chairman.

HOME CONTRACTS

Avon awarded further British Rail order

AVON INDUSTRIAL POLYMERS, Bradford-on-Avon, Wilts, has received a repeat order for 1.75m. rubber rail pads from British Rail. The pads are for BR's programme of updating track from wooden to concrete sleepers and continuous welded rail for high-speed operations.

★

BTR BELTING, Leyland, Lancs, has won an order for 2,600 metres of fire-resistant, steel cord reinforced conveyor belting from the National Coal Board. The belting will be installed by the NCB on a new Dowty-Meco structure to replace the existing system at Cadley Hill drift mine.

★

NEUMANN COMMUNICATION SYSTEMS, Harpenden, Herts., has been awarded an order by Conoco North Sea Inc., for a communications and alarm complex worth almost £90,000 to be installed on the Murchison Field production platform in the North Sea.

This week's business in Parliament

MONDAY

COMMONS — Debate on security in Northern Ireland. Motions on Northern Ireland Orders on appropriation, industries development, property, rehabilitation of offenders and sexual offences. Motion on Firearms (Variation and Fees) (Northern Ireland) Order.

SELECT COMMITTEES — Expenditure. General Sub-committee. Subject: Central Office of Information. Witnesses: Central Office officials (4.15 p.m., Room 8).

Expenditure. Education, Arts and Home Office Sub-committee. Subject: Prison system. Witnesses: Inner London Probation and After Care Service (4.15 p.m., Room 13).

TUESDAY

COMMONS — Wales Bill, committee stage.

LORDS — Refuse Disposal (Amenity) Bill, third reading. European Assembly Elections Bill, second reading.

SELECT COMMITTEES — Nationalised Industries. Sub-committee A. Subject: British Railways Board report and accounts. Witnesses: British Railways Board (4 p.m., Room 8).

WEDNESDAY

COMMONS—Wales Bill, committee stage.

LORDS—Debate on parental choice in education. Debate on crime prevention. Debate on Cyprus.

SELECT COMMITTEES — Expenditure. Trade and Industry Sub-committee. Subject: *Public Expenditure White Paper 1978*—support for industry. Witnesses: Department of Industry and Treasury officials (10.15 a.m., Room 16).

Nationalised Industries. Sub-committee B. Subject: National Coal Board report and accounts. Witnesses: National Coal Board (10.45 a.m., Room 8). Nationalised Industries *Sub-committee C. Subject:* Independent Broadcasting Authority. Witnesses: Independent Broadcasting Authority (4 p.m., Room 8).

Expenditure. Social Services and Employment Sub-committee. *Subject: Employment* and Training Services. Witnesses: Confederation of British Industry, TUC (4.30 p.m., Room 15).

THURSDAY

COMMONS—Opposition debate on First, Second and Fifth reports from the Select Committee on Nationalised Industries on the British Steel Corporation. Opposed private business.

LORDS—Industrial and Provident Societies Bill, third reading. Domestic Proceedings and Magistrates Court Bill, third reading. Judicature (Northern Ireland) Bill, third reading. Shipbuilding (Redundancy Payments) Bill committee stage. Civil Aviation Bill, second reading.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether *dividends concerned are interims* or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

COMPANY MEETINGS—
London American Intl., 87, Queen Victoria Street, E.C., 11.30
Rix (Oliver), Bath, 12

BOARD MEETINGS—
Finals:
Fisons
Goldman (H.)
Mercantile Inv. Tst.
Neil and Spencer
Scottish Eastern Inv. Tst.

Interims:
Parker Knoll
Victor Prods. (Wallsend)

DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium 35 cts.
Associated Portland Cement Db. 4½pc
Ault and Wiborg Db. 4½pc
Birmingham Pallet 4.1p
British-American Tobacco Ln. 3½pc
Collins (G. and W.) Db. 4½pc
Cook (William) (Sheffield) 1p
Croda Organic Chemicals Ln. 3¾pc
Dares Estates Db. Ln. 4pc
Ford Intl. Cap. Corp. Ln. 3pc
G. T. Japan Invest. Tst. 1p
Glanfield Lawrence Ord and B Ord. 1.25p
Group Investors 0.72p
Hambro Tst. 0.65p
Howard Shuttering 0.85p
Imperial Metal Inds. Ln. 5½pc
Joseph (Leopold) Ln. 4½pc
Merchants Tst. Ln. 2pc (Cnv.)
Midland Tst. 1.32p
Norton Inds. Db. 4½pc
Olympia Db. 3½pc
Peterborough Motors Db. 4½pc
Redland 6½pcPf. Db. 3½pc
Routledge and Kegan Paul Db. 3¼pc
Sheffield Twist Drill Db. 3pc
Waddington (John) Db. 5¼pc
Watney Mann and Truman Db. Lns. 3½ and 4pc

TO-MORROW

COMPANY MEETINGS—
Kelsey Inds., Hemel Hempstead, 11
Tomkinsons, Kidderminster, 12

BOARD MEETINGS—
Finals:
BSR
Bibby (J.)
De Beers Consd. Mines
De Beers Ind.
Greenfield Milletts
Inveresk
Kitchen (R.) Taylor
Provident Financial
SKT Textiles
Unilever
Unilever NV

Interims:
Ayer Hitam Tin Dredging Malaysia
Elder Smith Goldsbrough Mort.
Malayan Tin Dredging Berhad
[illegible] Marketing
Staffordshire Potteries
Tronoh Mines Malaysia Berhad

DIVIDEND & INTEREST PAYMENTS—
Alexanders Discount 9.8335514pc. 6pc Pf. 2.1p
Beaconsfield 7½pcBds. Red. 13/9/78 3½pc
Birmingham 7½pcBds. Red. 13/9/78 3½pc
British Leyland Motor Lns. 3 3¼ and 4pc
Doncaster 7½pcBds. Red. 13/9/78 3½pc
Dunlop Db. 3½pc
Ealing 10½pcBds. Red. 3/9/80 5¼pc
East Devon 9½pcBds. Red. 5/9/79 4½pc
East Hampshire 7½pcBds. Red. 13/9/78 3½pc
Great Yarmouth 9½pcBds. Red. 5/9/79 4½pc
Harrow 9½pcBds. Red. 5/9/79 4½pc
Highams Db. 3½pc
International Invest. Tst. 4½pcPf. 1.575pc
Leicester 7½pcBds. Red. 13/9/78 3½pc
Luton 7½pcBds. Red. 13/9/78 3½pc
North Bedfordshire 7½pcBds. Red. 13/9/78 3½pc
Norwich 7½pcBds. Red. 13/9/78 3½pc
Preseli 7½pcBds. Red. 13/9/78 3½pc
Sainsbury (J.) Db. 3½pc
South Glamorgan 7½pcBds. Red. 13/9/78 3½pc
Strathclyde 7½pcBds. Red. 13/9/78 3½pc

DIVIDEND & INTEREST PAYMENTS—
Thanet 9½pcBds. Red. 5/9/79 4½pc. 11½pcBds. Red. 1/9/82 5½pc
Trafford 7½pcBds. Red. 13/9/78 3½pc
Wandsworth 7½pcBds. Red. 13/9/78 3½pc
Wirral 9½pcBds. Red. 5/9/79 4½pc
Wokingham 7½pcBds. Red. 13/9/78 3½pc

WEDNESDAY, MARCH 8

COMPANY MEETINGS—
Burton Group, Leeds, 12
Lloyds and Scottish, Hyde Park Hotel, S.W., 12
Redfearn National Glass, York, 12

BOARD MEETINGS
Finals:
BTR
Barrow Hepburn
Ford (M.)
Pawson (W. L.)
Rentokil
Sterling
Tiger Oats and Natl. Milling
Union Corp.
Woolworth (F. W.)

Interims:
Clark (Matthew)
Downing (G. H.)
Hampson Inds.
Scottish Cities Inv. Tst.
Strong and Fisher

DIVIDEND & INTEREST PAYMENTS—
Blackburn 11½pcBds. Red. 8/3/78 £5.9390
Bolsover 11½pcBds. Red. 8/3/78 £5.9390
Borders 11½pcBds. Red. 8/3/78 £5.9390
Bournemouth 11½pcBds. Red. 8/3/78 £5.9390
Braintree 11½pcBds. Red. 8/3/78 £5.9390
Cardiff 11½pcBds. Red. 8/3/78 £5.9390
Cleveland 11½pcBds. Red. 8/3/78 £5.9390
Clydesbank 11½pcBds. Red. 8/3/78 £5.9390
Dunfermline 11½pcBds. Red. 8/3/78 £5.9390
Easington 11½pcBds. Red. 8/3/78 £5.9390
Gillingham 11½pcBds. Red. 8/3/78 £5.9390
Hertfordshire 11½pcBds. Red. 8/3/78 £5.9390
Kennet 11½pcBds. Red. 8/3/78 £5.9390
Leeds 11½pcBds. Red. 8/3/78 £5.9390
Lewisham 12½pcBds. Red. 8/3/78 6½pc
Lincolnshire 11½pcBds. Red. 8/3/78 £5.9390
Medina 11½pcBds. Red. 8/3/78 £5.9390
Merthyr Tydfil 11½pcBds. Red. 8/3/78 £5.9390
Mid-Sussex Water 8pc Red. Pf. 1981 4pc
Norwich 11½pcBds. Red. 8/3/78 £5.9390
Ogwr 11½pcBds. Red. 8/3/78 £5.9390
Oldham 11½pcBds. Red. 8/3/78 £5.9390
Sedgefield 11½pcBds. Red. 8/3/78 £5.9390
Torfaen 11½pcBds. Red. 8/3/78 £5.9390
Tower Hamlets 11½pcBds. Red. 8/3/78 £5.9390
Wandsworth 11½pcBds. Red. 8/3/78 £5.9390
Woodspring 11½pcBds. Red. 8/3/78 £5.9390
Worthing 11½pcBds. Red. 8/3/78 £5.9390
Yeovil 11½pcBds. Red. 8/3/78 £5.9390
York 11½pcBds. Red. 8/3/78 £5.9390

THURSDAY, MARCH 9

COMPANY MEETINGS—
Arbour Court Invs., 5, High Timber Street, E.C., 10.30
Guinness (A.), Toucan Inn, Park Royal Brewery, N.W., 2.45
Hawkins and Tipson, Grosvenor House Hotel, W., 5.30
North Midland Const., Nottingham,
Serck, Birmingham, 12.30

BOARD MEETINGS—
Finals:
Corah
Crouch (D.) *(Contractors)*
Harris and Sheldon
Howden (Alexander)
Lex Service Grp.
Needlers
Newey Grp.
Peachey Property
Refuge Assurance
Royal Dutch Petroleum
Sharpe (W. N.)
Shell Transport and Trdg.
Tavener Rutledge
Transport Dev.
Waverley Cameron
Yule Catto

Interims:
AAH
Galliford and Brindley
Hunt and Moscrop (Middleton)
Jarvis (J.)
Medminster
Park Place Invs.
Stocklake Hldgs.
West of England Tst.

DIVIDEND & INTEREST PAYMENTS—
Dumfries and Galloway 12½pcBds. Red. 7/3/79 6¼pc
Marley 1.49043p
U.S. and General Trust 4.24p

FRIDAY, MARCH 10

COMPANY MEETINGS—
Crystalate, Great Eastern Hotel, E.C., 11.30
Lee (Arthur), Sheffield, 12.30

BOARD MEETINGS—
Finals:
Anglo American Inv. Tst.
Bostwood
McCleery L'Amie
Midland Bank

Interims:
Glanfield Secs.
Lake and Elliot

DIVIDEND & INTEREST PAYMENTS—
Barnes Inc. 22.5 cts.
Braid 0.94511p
Charter Trust and Agency 1.45p
Chrysler Corp. 25 cts.
Intl. Business Machines Corp. 288 cts.
Mobil Corp. 105 cts.
Newmark (Louis) 2.5p
Northchart Invs. 5 cts.
Pride and Clarke 7.169p
Purolator Inc. 30 cts.
Ratners (Jewellers) 0.341325p
Texaco Inc. 50 cts.
Travelers Corp. 32 cts.
Treasury 5½pc 2008-12 (Reg.) 2¾pc
Utd. Technologies Corp. 50 cts.
Western Board Mills 1.2p

COMPANY NOTICES

Association of the Holders of 1977/1983 Bonds of a nominal value of U.S.$1.000 with floating interest rates issued by
CREDIT LYONNAIS
Registered Office: 4, rue Ancelle — 92202 Neuilly Sur Seine

CREDIT LYONNAIS

Limited Company with a Capital of FF 537.600.000
Registered Office: 18, rue de la République — 69002 LYON
Central Office: 19, Bd. des Italiens — 75002 PARIS
Trade Register: LYON B 954 509 741
Financial Publications: SIRET 954 509 741 00011
A.P.E. 8.902

FIRST CALLING NOTICE
OF HOLDERS OF 1977/1983 BONDS OF A NOMINAL VALUE OF U.S.$1.000 WITH FLOATING INTEREST RATES

The Holders of 1977/1983 Bonds of a nominal value of U.S.$1.000 with floating interest rates are being called by the Committee of Directors of the Association to a General Meeting (First Meeting) to be held on 3rd April 1978 at 4 p.m. at 19, boulevard des Italiens, 75002 PARIS for the purpose of deliberating on the following agenda:

— Approval of the appointment of the Association's Directors in compliance with Art. 7 of their Articles of Association.

Bondholders will have, in view of either their admission in person to the Meeting or the appointment of a proxy, to deposit their warrants five days before the Meeting date with one of the following Banks or Institutions:

COMMERZBANK AKTIENGESELLSCHAFT
UNION DE BANQUES ARABES ET FRANCAISES—U.B.A.F.—BANCO DI ROMA
BANK OF AMERICA INTERNATIONAL LIMITED
BANKERS TRUST INTERNATIONAL LIMITED
CAISSES DES DEPOTS ET CONSIGNATIONS
CITICORP INTERNATIONAL GROUP LIMITED—FIRST CHICAGO LIMITED
KREDIETBANK S.A. LUXEMBOURGEOISE
MANUFACTURERS HANOVER LIMITED
PK BANKEN INTERNATIONAL (LUXEMBOURG) S.A.
SOCIETE GENERALE DE BANQUES S.A.
SWISS BANK CORPORATION (OVERSEAS) LIMITED—CREDIT LYONNAIS
BANCO HISPANO AMERICANO—THE BANK OF TOKYO (HOLLAND) N.V.
BANQUE BRUXELLES LAMBERT S.A.—CHASE MANHATTAN LIMITED
EUROPARTNERS SECURITIES CORPORATION
GIROZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN A.G.
LLOYDS BANK INTERNATIONAL LIMITED—NIPPON EUROPEAN BANK S.A.
SKANDINAVISKA ENSKILDA BANKEN—SVENSKA HANDELSBANKEN
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

where proxy forms will be held at their disposal

The Committee of Directors
of the Association of the Holders of 1977/1983
Bonds of a nominal value of U.S.$1.000 with
floating interest rates issued by
CREDIT LYONNAIS

Association of the Holders of 1976/1982 Bonds of a nominal value of U.S.$1.000 with floating interest rates issued by
CREDIT LYONNAIS
Registered Office:
4, rue Ancelle — 92202 NEUILLY SUR SEINE

CREDIT LYONNAIS

Limited Company with a Capital of FF 537.600.000
Registered Office:
18, rue de la République — 69002 LYON
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Financial Publications: SIRET 954 509 741 00011
A.P.E. 8.902

FIRST CALLING NOTICE
OF THE HOLDERS OF 1976/1982 BONDS OF A NOMINAL VALUE OF U.S.$1.000 WITH FLOATING INTEREST RATES

The Holders of 1976/1982 Bonds of a nominal value of U.S.$1.000 with floating interest rates are being called by the Committee of Directors of the Association to a General Meeting (First Meeting) to be held on 3rd April 1978 at 3.30 p.m. at 19, boulevard des Italiens, 75002 PARIS for the purpose of deliberating on the following agenda:

— Approval of the appointment of the Association's Directors in compliance with Art. 7 of their Articles of Association

Bondholders will have, in view of either their admission in person to the Meeting or the appointment of a proxy, to deposit their warrants five days before the Meeting date with one of the following Banks or Institutions:

COMMERZBANK AKTIENGESELLSCHAFT
UNION DE BANQUES ARABES ET FRANCAISES—U.B.A.F.
BANCO DI ROMA—BANCO HISPANO AMERICANO
BANK OF AMERICA INTERNATIONAL LIMITED
BANKERS TRUST INTERNATIONAL LIMITED
BANQUE BRUXELLES LAMBERT S.A.
CHASE MANHATTAN LIMITED
CITICORP INTERNATIONAL BANK LIMITED
EUROPARTNERS SECURITIES CORPORATION
FIRST CHICAGO LIMITED
GIROZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN A.G.
KREDIETBANK S.A. LUXEMBOURGEOISE
LLOYDS BANK INTERNATIONAL LIMITED
MANUFACTURERS HANOVER LIMITED
MORGAN AND CIE S.A.
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

where proxy forms will be held at their disposal.

The Committee of Directors
of the Association of the Holders of 1976/1982
Bonds of a nominal value of U.S.$1.000 with
floating interest rates issued by
CREDIT LYONNAIS

BOND DRAWINGS

KINGDOM OF DENMARK
U.S.$25,000,000 20 YEAR EXTERNAL
LOAN OF 1964

HAMBROS BANK LIMITED hereby give notice that in accordance with the terms of the above mentioned Loan the Redemption for the 8th April 1978 has been carried out by the purchase of U.S.$1.151.000 nominal Bonds and the undermentioned Bonds amounting to U.S.$509.000 nominal were drawn on the 23rd February 1978 for redemption at par.

The drawn Bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London, E.C.2, or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due 8th April 1978 should be detached and collected in the usual manner.

For payment in London bonds must be lodged through an Authorised Depositary. Bonds must be left three clear days for examination.

Bonds of U.S.$1.000

67	118	122	146	224	301	302	334	342	448	576	585	587	622	659
1102	1314	1343	1396	1401	1512	1615	1642	1774	1896	1905	1913	1919	1942	1950
2003	2058	2134	2190	2220	2258	2295	2331	2333	2370	2372	2379	2404	2472	2482
2496	2514	2575	2580	2581	2586	2626	2748	2756	2833	2902	2906	3015	3030	3036
3162	3373	3464	3589	3624	3730	3732	3756	3759	3774	3791	3956	3963	4093	4188
4198	4363	4366	4369	4445	4598	4660	4666	4695	4738	4743	4772	4789	4797	4859
4930	5044	5047	5063	5068	5151	5263	5284	5361	5527	5618	5706	5874	5947	6049
6128	6166	6257	6310	6418	6455	6562	6584	6663	6691	6767	6797	6863	6955	7170
7255	7323	7366	7379	7385	7562	7703	7859	7890	7908	7940	7978	7989	7938	8003
8069	8107	8278	8310	8313	8327	8340	8474	8596	8592	8651	8632	8678	8693	8699
8706	8765	8856	8857	8862	8882	8901	8905	8932	8943	8957	8989	8992	9009	9034
9062	9092	9099	9108	9110	9478	9550	9750	9806	9892	9940	9962	10001	10179	10220
10626	10655	10710	10779	10788	10845	10851	10852	11122	11226	11328	11330	11398	11520	11659
11661	11719	11722	11729	11751	11796	11823	11847	11850	11870	11872	11883	11909	11934	12075
12094	12095	12296	12330	12342	12382	12453	12460	12964	13123	13124	13194	13241	13403	13487
13504	13599	13613	13631	13724	13738	13845	13848	13883	13925	13969	14015	14038	14085	14087
14050	14103	14136	14200	14250	14313	14328	14333	14441	14457	14481	14550	14586	14623	14697
14709	14748	14798	14823	14882	14886	14910	14918	14979	15053	15087	15120	15180	15185	15350
15331	15334	15368	15396	15399	15402	15410	15478	15582	15585	15633	15718	15782	15791	15794
15827	15883	15903	15922	15937	15955	16001	16002	16095	16117	16153	16156	16162	16191	16220
16278	16286	16296	16304	16314	16341	16351	16442	16482	16501	16517	16524	16545	16552	16565
16579	16952	16960	17037	17048	17067	17095	17103	17133	17183	17185	17432	17457	17467	17479
17512	17622	17673	17817	17821	17844	17848	17994	18046	18050	18117	18161	18235	18270	18304
18307	18331	18387	18448	18477	18542	18593	18600	18602	18611	18757	18840	18873	18943	18955
19012	19029	19079	19155	19228	19252	19358	19438	19485	19522	19548	19611	19656	19680	19687
19702	19718	19755	19839	19848	19852	19938	19962	19986	20085	20236	20330	20349	20365	20374
20337	20391	20397	20687	20770	20782	20802	20805	20822	20826	20832	20934	20936	21024	21028
21083	21175	21253	21469	21472	21482	21527	21559	21566	21573	21744	21787	21859	21885	21913
21921	21944	21950	21975	21986	22002	22031	22046	22048	22138	22166	22223	22277	22323	22396
22404	22454	22477	22491	22570	22611	22645	22733	22734	22776	22816	22903	22942	22950	22987
22991	23001	23029	23100	23114	23124	23132	23182	23305	23313	23314	23326	23373	23440	23455
23491	23501	23583	23600	23617	23618	23631	23636	23637	23668	23682	23683	23702	23704	23730
23823	23877	23918	23937	23992	24016	24021	24024	24039	24093	24096	24116	24117	24145	24163
24352	24449	24578	24585	24645	24646	24653	24671	24765	24769	24775	24810	24837	24845	

Bonds purchased ... U.S.$1.151.000
Bonds drawn ... U.S.$ 509.000
U.S.$1.660.000

6th March 1978

COMPANY NOTICES

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Accountant's Office (Bank buildings), Bank of England, London EC2R 8EU, on Monday 13th March, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967 to the amount of £25,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000, or £250,000. They will be dated Thursday 16th March, 1978, and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent. (being a multiple of one new halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England by means of cash or by draft or cheque drawn on the Bank of England not later than 1.30 p.m. on Thursday 16th March 1978.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Financial Services.
The County Hall,
London SE1 7PB.
6th March, 1978.

N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST
(English and Dutch Invest Trust)
Established in Amsterdam

NOTICE IS HEREBY GIVEN that an Ordinary General Meeting of Shareholders will be held at the offices of the Company, Sarphatistraat 14a, Amsterdam on Tuesday 21st March 1978 at 15.00 hours.

Shareholders who wish to attend the Meeting must deposit their share certificates on or before Tuesday 14th March 1978 with one of the following Depositaries:

in London
with Hill Samuel & Co. Ltd.,
45 Beech Street, EC2P 2LX
in Amsterdam
with Hollandse Koopmansbank N.V.
Sarphatistraat 14a

Copies of the Annual Report and Accounts for the year ended 31st December 1977 and of the resolutions to be put before this Meeting are available at the offices of the above named.

By order of the Board
HOLLANDSE KOOPMANSBANK N.V.
Management.
Amsterdam
6th March, 1978.

ART GALLERIES

COLNAGHI'S, 14 Old Bond Street, W.1. 491 7408. A Loan Exhibition of Works by SEBASTIANO RICCI in Britain in aid of the UDINE ART RESTORATION FUND. Until 8 March. Mon.-Fri. 9.30-6. Sat. 10-1.

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965. 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats. 10-1.

MALL ART GALLERIES, The Mall, S.W.1. "HAPPY BIRTHDAY." Paintings by POUTSY. 10-5. Sats. 10-1. *Until March 8.*

OSCAR & PETER JOHNSON LTD., 27, Lowndes St., S.W.1. 01-235 6464. "THE SMYTHES OF IPSWICH" until March 17. Weekdays 9.30-5. Sats. 10-12.

MAAS. *VICTORIAN FAIRY PAINTINGS* OPENS TO-DAY. Until 31st March. Weekdays 10-5. Sats. 10-1 at 15a Clifford St., New Bond St. W.1.

CLUBS

EVE, 189 Regent Street. 734 5675. A la *Carte or All-in Menu. Three Spectacular* Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW
THE GREAT BRITISH STRIP
Show at Midnight also 1 a.m.
Mon.-Fri. Closed Saturdays. 01-437 6455

DIAMONDS FOR INVESTMENT

Diamond Selection Limited offer loose-cut and polished diamonds for investment. The following is a cross section of prices from their range as at 1st March, 1978:

DSL Grade	Price in $ per Carat
80/4/165	15003
100/8/150	13204
140/10/140	12465
180/15/130	10613
300/20/120	9320
400/30/110	7941
475/50/101	7256
800/70/90	4368
1200/140/80	3264
1700/180/70	2537
2200/275/60	1735
2700/800/50	1035

Note: Diamonds in the range we *recommend for investment have appreciated* by approximately 300 per cent. since 1st July 1969.

DSL grade is made up as follows—
Colour/Clarity/Carat
e.g. 420 ... 166
Make is always very good.

All stones are graded in DSL laboratories using the most modern equipment.

Brochure with procedure for buying and selling graded and certified diamonds is available from:

DIAMOND SELECTION LIMITED
Petersham House, 57a Hatton Garden, London EC1N 8SD. Tel. 01-405 8045.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, *Businesses for Sale/Wanted*	5.25	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra
For further details write to:
Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

APPEALS

HELP SAVE OUR EX-SERVICEMEN FROM FURTHER SUFFERING

Wars right up until Northern Ireland today mean that hundreds of thousands of war victims still exist. Ex-servicemen, widows, orphans desperately need homes, jobs, food, fuel and other essentials. Please send donations to: The Royal British Legion Benevolent Fund, Maidstone, Kent, ME20 7NX

EDUCATIONAL

GUARANTEED COACHING for accountancy, banking, insurance etc. Metropolitan College guarantees coaching until successful. *Write for prospectus to* Dept. FT 3 6, Metropolitan College, Aldermaston Court, Reading RG7 4PW, or call at Metropolitan College Careers Centre, 4 Fore Street Avenue, Moorgate, London EC4 3DT. Tel. 01-628 2721.

CONFERENCES

CONFERENCE CENTRE IN THE NORTH

Excellent Conference facilities are now available in *Manchester for Conferences* and Business Conventions. Full facilities available for up to 600 delegates. Restaurant and Banqueting facilities. Excellent accommodation available within the Group complex.

Contact: Eric Peares—061-236 9971 (Daytime) or 061-724 6252 (Evenings).

OVERSEAS MARKETS

EUROBONDS

BY MARY CAMPBELL and FRANCIS GHILÈS

Stronger undertone in dollar sector

THE UNDERTONE of the dollar sector was perceptibly stronger last week. This was attributed to three factors: the low level of new issue activity recently, the ever greater risk of a turn in the currency situation and the more optimistic views being taken on U.S. interest rates.

This is not to say that bonds denominated in the traditionally "strong" currencies were suffering any lack of demand. However there is every evidence that some investment funds are seeping from these sectors into dollar bonds again, albeit in small amounts. The dollar bonds which strengthened were fixed interest: floating rate issues were rather less buoyant. This was partially in reaction to their great strength so far this year but also as a corollary of the changed emphasis in the U.S. interest rate outlook: their recent attraction for investors had owed much to the expectation that U.S. rates would rise faster and further than they are now expected to do.

It would, however, be premature to suggest that the dollar sector is ready for the substantial new issue business. Indeed, the evidence continues to be that the D-mark, Yen and, even after last week's measures, the Swiss franc sectors remain more receptive.

The Canadian government's newly announced plans for a $750m. issue on the New York market is a special case if only because of Canada's traditional position on the American market. The issue, the start of a large external borrowing programme, is likely to be filed with the Securities and Exchange Commission this week. It is expected to consist of three tranches of $250m. each for five, 7½ and 20 year maturities.

Although Canadian entities are traditionally by far the biggest group of foreign borrowers on the New York market—it is ten years since the Canadian government tapped the market in its own name—and the 1968 operation was a private placement rather than a public issue.

The Deutschemark sector had a mixed week, a reflection of the uncertainties generated by the weakness of the dollar and the restrictive measures announced by the Swiss authorities. Fears that the Bundesbank would impose further controls hit the domestic market on Tuesday though prices there had fully recovered by the end of the week.

In the international Deutschemark market turnover fell off as the week wore on and investors continued to show more interest in new issues than older ones. This, and the specially good track record of Japanese convertibles in the D-mark sector enabled Commerzbank to cut the coupon on Nisshin Steel from the indicated 4¼ per cent. The bonds immediately went to a premium in the secondary market.

The Brazilian utility, Electrobras, is expected to raise DM200m. later this month in the form of a DM150m. bond and a DM50m. private placement. Another major borrower will be the Kingdom of Spain which is expected to arrange a DM200m. issue at the end of March. A private placement for Thailand, of DM50m., could also be announced soon.

Like the D-mark sector bonds, Yen foreign bonds were, if anything, slightly weaker on fears that the Japanese might follow the Swiss in introducing restrictions on foreign investment (or more precisely a greater restriction: the Japanese already have in operation a quota system which is more restrictive than the Swiss are likely to introduce even under the new dispensation—foreigners are allowed to buy only 25 per cent. of issues in Tokyo by foreign borrowers).

A feature of the week was the disappointing aftermarket performance of the two new sterling bonds—FFI fell to the limit of the selling group discount and Allied Breweries rather further.

The details of the limits which the Swiss National Bank is imposing on foreigners' investment in foreign bond issues have not yet been announced and are not expected overnight. The Swiss have of course had such quotas in the past: the biggest problem for them this time round is that they simply cannot afford to bring in measures which will cut back the flow of new foreign bond issues and private placements because of the rate at which earlier issues will be maturing—and being converted into Swiss francs. (New issues would provide a reconversion of the funds into other currencies again.)

What is clear, however, is that the quota system will be completely different this time round. When the 65/35 quotas were in operation a few years ago (35 per cent. was the amount allowed to foreigners), the quota was applied to all sales of paper by each individual bank, whether sales of new paper on offer for the first time or secondary market sales of older paper. In other words, each Swiss bank could sell 35 per cent. of the foreign bonds and notes which passed through its hands to foreigners, with 65 per cent. required to be placed with Swiss residents.

This time round, foreign investors are banned altogether from buying foreign bonds or notes in the secondary market.

Swiss bankers tend to agree that the main effect of these restrictions is likely to be the emergence of a black market in Swiss securities—probably outside Switzerland. In the past there were always sufficient possibilities of dealing in Swiss securities for it not to be worthwhile to build up a whole new market mechanism: but the measures are so draconian this time round that the incentive has surely been created.

Meanwhile the secondary market prices of Swiss foreign bonds had by the end of last week recovered a substantial amount of the ground they lost in the immediate aftermath of the announcement of the new restrictions. The Citicorp issue, for example, which traded at 106½ before the announcement, fell to 101 last Tuesday but had by Friday recovered to 104¾. Norsk Industribank fell from to 98½ but then recovered 101; other recent issues performed likewise.

The most recent issue of the Oesterreichische Donaukraftwerke, was an unusual case—on Friday it was quoted at its issue price of 99½.

BONDTRADE INDEX AND YIELD

	March 3		February 24		High	Low
Medium term	99.43	7.91	99.48	7.92	99.81 (13/2)	99.15 (16/2)
Long term	93.36	8.40	93.24	8.44	93.84 (2/1)	93.03 (13/1)

EUROBOND TURNOVER
(nominal value in $m.)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,240.8	773.5	438.0	456.2
Cedel	491.3	725.5	329.0	292.6

CURRENT INTERNATIONAL BONDS ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager
U.S. DOLLARS						
‡†Nippon Credit Bank	20	1983	5	5¾‖	100	Daiwa
‡†Sumitomo Heavy Ind. (g'teed Sumitomo Bank)	25	1983	5	5½‖	100	Daiwa, Sumitomo Fin. Int., Warburg
Panama	25	1983/8	¶	9½	*	Merrill Lynch, Nomura
‡††EIB	100	1985	7	8¾	99.61	Merrill Lynch
‡††EIB	100	1998	15.05	9¼	99.55	Merrill Lynch
D-MARKS						
‡EIB	250	1989	9.9	5¾	99½	Deutsche
‡§Nisshin Steel	50	1986	—	4	100	Commerzbank
Venezuela	250	1988	8	6	*	WestLB
**Trinidad and Tobago	75	1983	5	6	*	Deutsche
Tauernautobahn	70	1993	10½	5¾	*	WestLB
Philippines	100	1985	7	6¾	*	Dresdner
Com. Fed. de Elec.	140	1988	8	6½	*	WestLB
SWISS FRANCS						
†New Brunswick Elec.	100	1993	n.a.	3½	100	UBS
‡Hydro Quebec	130	1993	n.a.	3½	100	Sw. Bank Corp.
YEN						
‡‡SNCF (g'teed France)	20bn.	1989	9.9	6.6	99.15	Nikko
STERLING						
‡Allied Breweries	15	1989	9.9	10½	99½	Montagu
‡FFI	12	1989	9	10	100	S. G. Warburg
Citicorp	20	1993	11.2	10	*	S.G. Warburg
KUWAITI DINARS						
Sonatrach (g'teed BEA)	10	1990	12	8½	*	KIIC, UBAF

* Not yet priced ‡ Final terms ** Placement † Floating rate note ‖ Minimum § Convertible †† Registered with U.S. Securities and Exchange Commission ¶ Purchase Fund ‡‡ Contrary to the statement in Friday's Financial Times, this issue is state-guaranteed. Notes: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	Feb. 24	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	747.51	746.45	743.33	742.12	748.55	756.24	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	89.50	89.46	88.46	89.49	89.62	89.51	95.67 (7/9)	89.65 (26/1/78)	—	—
Transport	201.65	201.84	201.11	201.40	205.89	205.85	246.64 (18/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.65	105.45	105.55	105.25	102.94	103.21	118.67 (22/2/77)	102.54 (22/2/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	20,120	20,280	21,010	19,750	19,990	22,510	—	—	—	—

* Basis of index changed from August 24.

	Feb. 24	Feb. 17	Feb. 10	Year ago (approx.)
Ind. div. yield %	6.14	6.15	5.94	4.50

STANDARD AND POORS

	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	Feb. 24	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	96.16	96.02	95.88	95.74	96.49	97.59	118.92 (3/1/77)	95.74 (28/2/78)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	87.45	87.32	87.19	87.04	87.72	88.49	107.00 (3/1/77)	87.04 (28/2/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 1	Feb. 22	Feb. 15	Year ago (approx.)
Ind. div. yield %	5.57	5.47	5.33	4.15
Ind. P/E Ratio	8.40	8.45	8.67	10.83
Long Govt. Bond yield	8.25	8.27	8.26	7.76

N.Y.S.E. ALL COMMON

Mar. 3	Mar. 2	Mar. 1	Feb. 28	1977/78 High	1977/78 Low
48.67	48.60	48.49	48.45	57.07 (4/1/77)	48.43 (28/2/78)

Rises and Falls

	Mar. 3	Mar. 2	Mar. 1
Issues traded	1,820	1,836	1,833
Rises	734	740	634
Falls	552	578	669
Unchanged	534	518	530
New Highs	36	19	10
New Lows	51	77	107

MONTREAL	Mar. 3	Mar. 2	Mar. 1	Feb. 28	1977-78 High	1977-78 Low
Industrial	164.52	164.28	165.68	163.17	186.47 (17/8)	158.02 (25/10)
Combined	174.14	175.47	172.77	172.58	187.55 (19/1/77)	165.60 (25/10)
TORONTO Composite	1014.5	1019.5	1006.3	1005.7	1067.4 (19/7)	981.0 (26/10)
JOHANNESBURG Gold	205.1	205.4	201.2	200.8	218.7 (1/2/78)	159.4 (24/6)
Industrials	198.8	199.2	198.9	198.4	214.4 (4/1/78)	169.1 (22/4)

	Mar. 3	Previous	1977-78 High	1977-78 Low
Australia (¶)	442.39	441.86	479.46 (3/1/78)	416.25 (16.2.77)
Belgium (‖)	93.11	93.07	99.12 (10/1/77)	90.45 (12.1.78)
Denmark (**)	97.78	97.47	107.92 (9/6)	94.10 (6/2.78)
France (††)	53.2	52.9	56.4 (7.1.77)	43.6 (10/6)
Germany (‡‡)	799.3	796.9	815.5 (17.11)	712.5 (10,5)
Holland (§§)	79.9	79.9	93.2 (4/5)	75.6 (29/9)
Hong Kong (¶¶)	421.62	412.65	425.17 (11/6)	383.44 (13.1.78)
Italy (‖‖)	62.56	61.91	75.71 (5/1/77)	54.90 (22,12)
Japan (a)	392.64	390.81	362.64 (3 3/78)	350.49 (24,11)
Singapore (b)	269.94	269.49	271.6c (15/2/78)	242.2c (3.5)

	Mar. 3	Previous	1977-78 High	1977-78 Low
Spain (d)	91.20	90.75	100.00 (30/12)	90.75 (2.3.78)
Sweden (e)	363.96	347.38	416.62 (22.5)	330.5 (24,11)
Switzerl'd (f)	303.1	303.0	325.7 (14.2.72)	280.5 (5/5)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam. Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Inv.$ Prem. at $2.60 to £—84⅜% (85⅜%)
Effective rate (at 1.9395) 37⅝% (38¼%)

NEW YORK

1977-78 High	1977-78 Low	Stock	Mar. 3
[illegible]	[illegible]	[illegible]	[illegible]

GERMANY ♦

Mar. 3	Prices Dm.	+ or —	Div. %	Yld. %
AEG	88.8	+0.7	—	—
Allianz Versich.	475	−4	18	1.9
BMW	225.5	+0.8	20	4.4
BASF	137.2	−0.1	17	6.2
Bayer	137.8	+0.5	16	5.8
Bayer. Hypo.	286	+0.5	20	3.4
Bayer. Vereinsbk	321.8	−0.2	20	3.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

March 3	Rand	+ or —
Anglo American Corpn.	4.50	+0.02
East Driefontein	11.85	+0.10
Elsburg	2.50	−0.02
Harmony	6.50	
Kinross	6.15	+0.10
Kloof	8.50	+0.05
St. Helena	13.50	
Gold Fields SA	26.50	+0.25
Union Corporation	4.90	+0.15
De Beers Deferred	5.35	−0.05
Blyvooruitzicht	5.80	+0.10
[illegible]	[illegible]	[illegible]

INDUSTRIALS

[illegible]	[illegible]	[illegible]

Securities Rand $U.S.0.83
(Discount of 27.8%)

AUSTRALIA

Mar. 3	Aust. $	+ or —
ACMIL (25 cent)	†0.67	+0.01
Acrow Australia	†0.88	
Allied Mnt-Trdg. Indus $1	†2.12	
Ampol Exploration	†1.15	
Ampol Petroleum	†0.70	+0.02
Assoc. Minerals	†0.75	+0.05
Assoc. Pulp Paper $1	†1.10	
Assoc.Con. Industries	†1.55	
[illegible]	[illegible]	[illegible]

PARIS

Mar. 3	Price Frs.	+ or —	Div. Frs.
Rente 4½	780	+11.5	4½
Afrique Occid't'le	342	+5	21.2
Air Liquid	261.5	+3	16.5
Aquitaine	324.9	−1.4	24
BIC	475	−20	12.7
Bouygues	424	+5	31.5
B.S.N. Gervais	355	+3	37.5
Carrefour	1,385	+20	75
C.G.E.	292	+2	27
C.I.T. Alcatel	885	+13	56
[illegible]	[illegible]	[illegible]	[illegible]

CANADA

[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Mar. 3	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Mar. 3	Prices Yen	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo.

COPENHAGEN ♦

	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Mar. 3	Price Frs.	+ or —	Div. Frs. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Mar. 3	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Mar. 3	Price Cruz	+ or —	Cruz. Div.	Yld.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Rio de Janeiro SE.

OSLO

Mar. 3	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPAIN ▼

March 3	Per cent	
[illegible]	[illegible]	[illegible]

SWITZERLAND ♦

Mar. 3	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Mar. 3	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SINGAPORE

Mar. 3	$	+ or —
[illegible]	[illegible]	[illegible]

* Ex-dividend. ‡ Seller. — Unquoted. § Traded.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

* Assented. † Bid. ‡ Asked. § Traded. ‖ New stock.

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INSURANCE, PROPERTY BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	125.8	133.8	....	—

As at Feb. 28. Next sub. day Mar. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	SHK209.98xd	....	3.40
Jardine J'pn. Fd.*	SHK279.68	....	1.00
Jardine S.E.A.	SUS21.74	....	2.60
Jardine Flem Int.	SHK8.95xd	....	—

NAV Feb. 28. *Equivalent SUS80.54. Next sub. March 31.

Kemp-Gee Management Jersey Ltd.
1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	79.4	81.9	....	—
Kemp-Gee Income	62.6	65.9	....	8.81

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cov.Bd.Fd. Mar. 2	SUS9.34	+0.02	—
Eng. Int. Mar. 2	SUS14.96	−0.08	—
Gr.St.$Fd. Feb. 28	SUS6.51		—
Mer Eur.Fd. Mar. 1	SUS18.88	19.28 +0.01	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Feb. 23	SUS12.37	12.68	....	—
CMT Ltd. Feb. 23	£12.62	12.95	....	—
Metals Tst. Feb. 16	£10.93	11.28	....	—
TMT Feb. 9	SUS9.26	9.50	....	—
TMT Ltd. Feb. 9	£9.13	9.37	....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd.	SUS12.70	−0.03	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 433-438

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.37%
* Address shown under Insurance and Property Bond Table

FINANCIAL TIMES STOCK INDICES

	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	Feb. 24	A year ago
[illegible]	74.46	74.44	74.52	74.41	74.80	74.71	65.33
[illegible]	77.17	77.32	77.46	77.61	77.54	77.63	65.14
Ordinary	436.2	433.4	445.8	443.4	441.8	444.2	407.9
[illegible]	162.9	162.6	162.1	158.9	159.3	158.5	132.6
Yield	6.17	6.19	6.06	6.06	6.06	6.02	5.70
[illegible] (full*)	18.38	18.45	18.05	18.02	18.05	17.93	18.33
[illegible]	7.64	7.62	7.79	7.79	7.79	7.83	7.84
[illegible]	4.374	4.592	4,284	4.794	3.942	5.173	6.930
[illegible] £m.	—	63.05	62.81	60.06	70.12	77.87	64.46
[illegible]	—	12.848	13,490	14.602	14.268	12.822	15.619

10 a.m. 436.2 11 a.m. 436.1 Noon 435.1 1 p.m. 434.8
2 p.m. 434.9 3 p.m. 434.2
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil = 7.59.
[illegible] Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold [illegible] SE Activity July-Dec 1942.

HIGHS AND LOWS

S.E. ACTIVITY

1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
79.85	60.45	127.4	49.18
81.27	60.49	150.4	50.53
549.2	357.6	549.2	49.4
174.6	95.1	442.3	43.5

	Mar. 3	Mar. 2
—Daily		
Gilt Edged	155.7	165.2
Industries	145.0	155.2
Speculative	38.2	43.9
Totals	99.5	104.5
—5-day Av'ge		
Gilt-Edged	166.2	166.9
Industries	162.2	170.0
Speculative	42.3	41.7
Totals	108.2	112.8

FINANCIAL TIMES STOCK INDICES

	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	Feb. 24	A Year ago
Group	186.17	186.02	188.46	188.55	187.26	189.45	158.41
[illegible]	205.79	205.42	207.71	208.09	207.58	209.78	184.77
[illegible]	6.02	6.05	5.96	5.95	5.98	5.90	5.78
[illegible]	7.60	7.58	7.68	7.69	7.67	7.74	9.24
[illegible]	191.49	191.15	195.65	195.37	192.45	194.24	171.49

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14J	14Ju	Treasury 10½pc '78	101⅛	8.12	10.33	5.97
26M	26S	Exch 5pc '76-78	99¼xd	17.2	5.04	6.37
9M	9S	Treasury 11½pc '79	104¼xd	31.1	11.03	7.06
17M	17S	Treasury 3pc '79	95¾xd	8.2	3.10	5.14
26M	26S	Electric 4¼pc '74-79	97¾xd	17.2	4.35	5.86
1M	1N	Treasury 10½pc '79	103¼	[illegible]	10.14	8.17
15M	15N	Electric 3½pc '76-79	95⅞	10.10	3.65	6.09
3M	3S	Treasury 9pc 1980	101⅜xd	25.1	8.84	7.99
14M	14N	Treasury 9½pc '80	101⅝	10.10	9.34	8.63
15J	15D	Treasury 3½pc '77-80	94⅛	7.11	3.72	6.31
15J	15D	Funding 5¼pc '78-80	95½	9.11	5.50	7.42
25M	25N	Exchequer 13pc 1980	108⅛	19.10	12.03	9.54
15J	15Ja	Treasury 11½pc 1981	104⅝	9.12	10.98	9.57
15F	15A	Treasury 3¼pc 1979-81	90⅝	9.1	3.86	7.08
1A	1O	Treasury 9¾pc 1981	100⅜xd	25.2	9.65	9.40
12J	12D	Exch 8¼pc 1981	95⅝	—	8.54	9.46
4F	4A	Exch 9¾pc 1981	99⅝	29.12	9.51	9.52
21F	21A	Exch 3pc 1981	87¾	16.1	3.42	7.05
17M	17N	Treas. Variable '81	96¾	11.10	6.69	7.49
23M	23N	Exch 12¾pc 1981	108⅜	17.10	11.70	9.80
15J	15Ja	Treas 8½pc '80-82	97¼	9.12	8.74	9.35
15F	15A	Treasury 3pc '82	85¾	9.1	3.50	7.21
16M	16S	Treasury 14pc '82	113⅛xd	7.2	12.38	9.97
15M	15N	Treas. Variable '82	95	8.11	6.74	7.58

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 37½% (based on $US1.9395 per £)

Conversion factor 0.7285 (0.7186)

CANADIANS

S.E. List Premium 37½% (based on $2.1733 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Falcon Rh 50c	210	19.9	Q50c	1.3	22.0
May	Rhod'n Corp. 16½p.	24	3.77	0.57	4.3	3.6
—	Roan Cons. K4	70	12.74	—	—	—
Dec. July	Tanganyika 50p	125	17.10	Q11.0	1.1	8.8
Jan. July	Do. Pref 80p	78	12.12	Q9%	16.4	9.2
Nov. May	Wankie Col. Rh1	40	17.10	Q7½c	1.4	16.0
—	Zam.Cpr SBD0.24	10½	11.74	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c.	11	—	—	—	—
Nov. Apr.	Bougainville 50 Toea	80	14.3	Q8c	1.5	6.3
—	BH South 50c.	65	9.74	—	—	—
Oct. May	Conzinc Riotinto 50c	148	14.3	Q10c	ϕ	4.2
—	G.M. Kalgoorlie $1	72	6.67	—	—	—
September	Hampton Areas 5p	90	25.7	1.45	4.1	2.4
—	Metals Ex. 50c	12	—	—	—	—
Dec. Apr.	M.I.M. Hldgs. 50c	127	13.2	Q9c	1.7	4.4
—	Mount Lyell 25c	17	—	—	—	—
—	Newmetal 10c	2	—	—	—	—
June Nov	North B. Hill 50c	82	31.10	Q8c	1.5	6.0
—	Nth. Kalgurli	11	—	—	—	—
June Nov.	Oakbridge $A1	135	7.4	†Q11c	1.9	5.1
—	Pacific Copper	33	—	—	—	—
—	Pancont'l 25c	800	—	—	—	—
—	Paringa M&Ex 5p	12½	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c.	435	19.9	Q15c	4.0	2.1
Oct. May	Westn. Mining 50c.	88	19.9	Q6c	1.4	4.2
—	Whim Creek 20c	35	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	28	17.10	†2.51	1.6	14.2
Apr. Oct.	Ayer Hitam $M1	280	5.9	Q57½c	0.9	32.0
Apr. Oct.	Beralt Tin	51	8.8	3.75	2.3	11.1
Jan. July	Berjuntai $M1	225	3.1	†Q60c	ϕ	‡
Feb. Oct.	Geevor	495	16.1	18.05	3.4	5.5
—	Gold & Base 12½p	9	10.74	—	—	—
July Dec.	Gopeng Cons.	255	30.1	15.0	0.9	8.9
—	Hongkong	150	11.67	—	—	—
Mar. Sept.	Idris 10p	88	30.1	7.5	ϕ	12.9
—	Jantar 12½p	11	4.67	—	—	—
—	Kamunting $M0.50	70	—	†Q15.5c	0.7	4.8
Jan. July	Killinghall	450	12.12	Q125	ϕ	27.8
January	Malay Dredging $M1	300	11.12	Q95.5c	0.8	6.8
—	‡Pahang	49	9.75	†Q2.5	0.5	5.1
July Jan.	Pengkalen 10p	53	30.1	6.5	1.3	18.6
Jun. Nov.	Petaling $M1	173	12.12	‡Q12½c	10.9	1.6
Mar. Oct.	Saint Piran	50	3.1	g1.99	4.6	6.0
February	South Crofty 10p	53	3.1	64.12	1.5	10.4
Jan. July	South Kinta $M0.50	150	3.1	†Q77.8c	1.4	11.1
June Jan.	Sthn Malayan $M1	250	3.1	†Q313c	1.1	11.3
—	Sungei Besi $M1	153	—	—	—	—
—	Supreme Corp. $M1	64	9.74	ZQ10c	—	3.4
Mar. Aug.	Tanjong 15p	98	30.1	4.5	ϕ	7.0
Sept. Mar.	Tongkah Hrbr. $M1	85	12.12	Q65%	1.6	14.4
Apr. Oct.	Tronoh $M1	175	5.9	ZQ30c	2.0	3.7

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
June Dec.	Messina R0.50	74	12.12	‡Q30c	1.9	‡

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p.	9	5.75	—	—	—
—	Colby Mines $C1	57	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	240	3.1	Q30c	ϕ	7.5
—	Northgate C$1	252	3.75	—	—	—
Jan. June	R.T.Z.	164	31.10	t8.5	q3.1	7.9
—	Sabina Inds. C$1	32	—	—	—	—
—	Tara Expln. $1	800	—	—	—	—
Nov. July	Tehidy Minerals 10p	45	17.10	1.21	2.5	4.1
October	Yukon Cons. C$1	123	15.9	Q7c	ϕ	3.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	43	......
Bertam	14	......
Bdg'wtr. Est. 50p	277	......
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R.A.)	39	......
Ellis & McHdy	68	......
Evans Fr'k. 10p	57	......
Evered	15½	......
Fife Forge	47	......
Finlay Pkg. 5p	19	+½
Graig Ship. £1	175	......
Higsons Brew	80	......
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	243	......
N'thn. Goldsmith	57	......
Pearce (C. H.)	129	−1
Peel Mills	17	......
Sheffield Brick	46	......
Sheff. Refrshmt.	51	......
Shiloh Spinn	19	......
Sindall (Wm.)	83	−1

IRISH

Conv. 9% '80/82	£95⅞	......
Alliance Gas	70	......
Arnott	270	......
Carroll (P.J.)	102	+2
Clondalkin	90	......
Concrete Prods.	115	......
Heiton (Hldgs.)	49	......
Ins. Corp.	140	......
Irish Ropes	133	......
Jacob	57	......
Sunbeam	32	......
T.M.G.	178	+2
Unidare	72xd	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	5	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	12
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	18	Nat. West. Bank	27	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

FINANCIAL TIMES

Monday March 6 1978

FT Monthly Survey of Business Opinion

Company profits revival likely to peter out

THE RECOVERY in company profits could peter out later this year. According to the latest Financial Times business opinion survey, more companies are now forecasting slimmer profit margins and lower rates of return on capital employed than an improvement.

This is the first time since the end of 1975 that the balance of "ups" over "downs" has been negative.

The more pessimistic outlook for profitability is in spite of the growing activity and confidence in the consumer-oriented sectors of industry which was reported in the January survey and which was based upon firm signs of a revival in consumer spending.

In sectors supplying industrial products and services, such as chemicals, oils, shipping and transport, which were the subject of the latest survey, the trend of orders remains generally depressed in face of low demand and excess capacity, while the profitability of overseas sales was being eroded by increased competition and a stronger pound.

More companies are complaining about the shortage of both skilled factory and executive staff.

Almost half of the companies interviewed in the past four months say that they are unable to recruit factory staff with the requisite skill and experience, while a third say there is a *problem in finding managerial* and executive people of the right calibre.

These are remarkably high percentages in view of the relatively low level of activity which still obtains in most sectors of industry.

Most companies expect to be able to observe the Government's pay guidelines. As a result, the median forecast increase for wage costs has peaked out at around the 12-13 per cent. mark.

Helped by falling material prices and the rise in sterling parities, the median forecast increases for total unit costs and for output prices continue to decline. But at about 11 per cent. both figures have yet to reach single figures.

The encouragingly high level *of investment intentions has not* been affected by the changed outlook for profitability.

Details, Page 28

EARNINGS ON CAPITAL

Those expecting earnings during the current year to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
	4 monthly moving total				*February 1978*		
Improve	32	47	43	47	38	6	24
Remain the same	24	23	22	20	34	24	—
Contract	38	25	26	24	9	70	65
No comment	6	5	9	9	19	—	11

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Decision on nuclear fuel plant could take several weeks

BY DAVID FISHLOCK, SCIENCE EDITOR

THE £600m. Windscale nuclear fuel plant seems set for several weeks of further delay before the Government announces a decision to go ahead with the project.

Mr. Peter Shore, Environment Secretary, will announce the procedure the Government proposes to adopt in reaching its decision this afternoon, when he discloses the report of Mr. Justice Parker's planning inquiry last summer.

As the Financial Times disclosed on February 10, the report favours the project, which will give British Nuclear Fuels immediate access to £800m.-£900m. worth of overseas business in transporting and reprocessing spent nuclear fuels.

Advance payments against these contracts will provide the company with much of the finance needed to build the plant in the 1980s.

The report is in terms so favourable to the commercial future of British Nuclear Fuels that had the project's proponents drafted it, they could hardly have phrased it more convincingly.

The Prime Minister, in the *only ministerial comment on the* report so far, called it "most cogent and clear, with well-argued conclusions."

But the Parker Report has disappointed the project's opponents, who were hoping to find justification for further Government delays.

Opponents believe that they can reduce the economic attractions of nuclear energy for Britain by blocking the project, and also jeopardise the future of the fast breeder reactor, since it will depend on plutonium extracted by reprocessing for its fuel supply.

The method chosen by Mr Shore—in consultation with Mr. Sam Silkin, the Attorney General—appears to be designed to minimise discussion of the report, by releasing it almost coincidentally with his own press conference this afternoon.

Mr. Shore is believed to oppose the project, and called for a *planning inquiry in December* 1976. He will emphasise this afternoon that the eventual decision will be made by the Cabinet, not by him alone.

Parliament is to debate the report before any decision is announced, but under conditions approved by the Attorney General to avoid any risk of having to reopen the inquiry because opponents allege that fresh evidence has been raised.

Further delay increases the risk that overseas contracts negotiated by British Nuclear Fuels but not yet signed could be awarded to the company's French rival, the State-owned nuclear fuel group Cogema.

Editorial comment, Page 12

Callaghan to launch oil White Paper

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S long-delayed White Paper on use of North Sea oil, expected in the middle of the month, is likely to be launched by the Prime Minister personally.

This is intended to make the most politically of a document widely seen in Whitehall as an unexciting and rather bland list of options.

No new policy commitments have been included and a potentially striking and electorally attractive feature, creation of a special oil fund to use the *revenue, was rejected after a* lengthy Cabinet debate.

Instead the White Paper will list possible uses of the oil revenue and point in general terms toward priorities.

These will include more investment in industry, development of alternative energy sources, con*servation, cuts in direct tax, im*provement of public services, and repaying some of the U.K.'s large official debts overseas.

There will be close interest in whether the White Paper is as optimistic about the current account prospects as were earlier drafts.

The Government will emphasise the major impact of the North Sea on the balance of payments.

There has been no significant change in official estimates of either current account—£2.5bn. net benefit—or revenue impact of the oil in the next few years.

Though tax revenue and royalties expected from oil in 1978 were revised downwards, partly because of the effect of allowances against cost of new development, any shortfall should be made up in the following two years.

Consequently, as Dr. Dickson Mabon, Minister of State for Energy, said last week, the Government is sticking to its projection of total receipts of *£5bn. (at 1976 prices) from oil* and gas combined between 1976 and 1980.

Any change in revenues this year will have little effect on Budget calculations.

Tory plan to work for race harmony

By Richard Evans, Lobby Editor

CONSERVATIVE leaders, while determined to retain immigration as a key issue in the run-up to the next General Election, are to put increased emphasis on the party's commitment to good race relations.

A campaign, to be backed by Mrs. Thatcher, Mr. William Whitelaw, deputy leader, and others in coming weeks will be aimed at ending disquiet within the party over the use of the *immigration issue and at de*fusing damaging allegations of cheap vote-catching.

It is stressed that there is no **intention of withdrawing from *Mrs. Thatcher's controversial* call for an effective end to immigration. Details of how this would be achieved by a Tory administration will be outlined in the policy statement now expected from the Shadow Cabinet around Easter.**

Much greater emphasis will be placed on developing the "positive" side of Tory policy, particularly by increased aid from both public and private sources for helping immigrants in deprived inner city areas, and by more flexible planning procedures and tax changes.

The tone of the campaign was illustrated yesterday by Mr. Keith Speed, Conservative MP for Ashford and a junior *Home Affairs spokesman.*

He said the Tories, as well as introducing tough control on immigration, would encourage creation and expansion of small businesses to provide extra jobs and help, particularly where young immigrants were *unemployed.*

The shadow Cabinet's proposals on immigration are likely to involve the introduction of a register of dependants of immigrants already in the U.K., and the establishment of quotas to control their phased rate of entry.

A separate, and very strict, quota system would control the entry of male fiancés and there would be measures to control the entry of all dependants who are not wives or young children.

Continued from Page 1

Steel redundancies

return for redundancy payments and compensation.

Scottish steelmaking will henceforth be largely concentrated on the modern basic oxygen furnaces at Ravenscraig.

The pace of voluntary redundancy among steelworkers is expected to quicken this week with the 3,500 workers at the East Moors works, in Mr. *Callaghan's* Cardiff East constituency, likely to decide finally to accept complete closure. Negotiations are at an advanced stage.

National steel union officials led by Mr. Bill Sirs, general secretary of the Iron and Steel *Trades Confederation, are going* to East Moors to-morrow. Dr. David Grieves, BSC personnel managing director, has arranged to meet the men on Wednesday.

The British Steel management is hoping that the redundancy and compensation deal can be tied up by the end of Dr. Grieves' visit.

Both the unions and British Steel are modelling the negotiations on the recent Hartlepools experience, when the closure of an old plant was arranged in just one day.

The next works to go, if British Steel can maintain the momentum, will be Shelton at Stoke-on-Trent. The 1,200 steelworkers there will be offered similar redundancy and compensation terms.

● The Government is this week preparing a counter-blast to the Commons Select Committee on nationalised industries, which *has been critical of Ministers'* handling of the crisis in the steel industry.

On Thursday Mr. Varley and Mr. Gerald Kaufman, Minister of State for Industry, will defend their record when the committee's report is debated.

هكذا من الأصل

Ethiopian tanks lead offensive against Somalis

BY OUR FOREIGN STAFF

ETHIOPIA HAS launched a big tank assault on the key Somali-held town of Jijiga in its long-expected counter-offensive *against Somali troops and irre*gulars in the Ogaden.

Reports of the attack came from both sides in the conflict. The Ethiopian Embassy in London claimed that Somali troops in the town had been routed.

"The Ethiopian regular forces and people's militia have brought Jijiga and all its surroundings under their total control after a fierce battle with the Somali invading forces," an embassy spokesman said.

Somalia said the assault was being carried out by Soviet and Cuban *troops "with no sign of* Ethiopian troops so far on the battlefield."

Mogadishu Radio, quoting a report from the Western Somali Liberation Front, said that Somali forces had pulled back to defend the strategically important town at the foot of Ethiopia's Ambar Mountains.

The Somali guerillas, who have denied losing control of the town, said more than 70 tanks were ferried to the battlefield by Soviet-built helicopters.

They claimed to have destroyed several tanks and three MIG-21 jets.

Jijiga was one of the first main *Ethiopian strongholds to* fall to the Somali forces, when they advanced into the Ogadan desert last year.

In January, Ethiopia launched an offensive to push the Somalis back over the border, and control of Jijiga—close to the *Ethiopian-Somali border—was* seen as an important element in the counter-attack.

But the offensive, while it suceeded in ending the Somali sieges of Dire Dawa and Harar seemed to come to a halt a few days later after the Somalis had established new defensive positions.

One of the new positions was set up near the town of Babile on the mountain road between Harar and Jijiga, leaving the crucial Gara Marda Pass just outside Jijiga still to be fought over.

Meanwhile, in Abu Dhabi Mr. Omar Arteh Ghaleb, the Somali Culture Minister, called on the U.S. *to support the anti-Ethio*pian forces in the Horn of Africa "before it is too late."

Begin slows down settlement plan

BY L. DANIEL — TEL AVIV, March 5.

IN AN apparent concession to growing U.S. pressure Mr. Menahem Begin, the Israeli Prime Minister, has acquiesced in a slowdown of Israel's settlements programme in the occupied West Bank and Sinai.

Mr. Ezer Weizman, Israeli Defence Minister, ordered work on the preparation of land for a new West Bank settlement to be stopped, even though the Israeli Cabinet had approved it earlier in principle for a group now housed in an army camp in the northern part of the West Bank.

A second group, living in an army camp north of Ramallah in the Jerusalem area, had been told that the land on which it intended to settle is now needed by the army as a shooting range. Both groups belong to the small, ultra-religious Gush Emunim movement.

As part of an uneasy compromise the Israeli Cabinet decided a week ago that there should be a virtual moratorium on settlements, but the question remained *whether work would go on un*officially.

Mr. Weizman issued his orders before leaving to-day for talks in Washington.

He had strongly advocated a halt to development of sites before his U.S. visit. Evidently his view has been fortified by strong U.S. pressure following President Anwar Sadat's objections to Israeli settlements policy and the U.S. Administration's realisation that this issue is the immediate stumbling block to an Arab-Israeli peace initiative.

Clearly the Defence Minister did not issue the orders without consulting Mr. Begin, who may have chosen this way of preventing settlement to avoid a confrontation with his coalition partner, the National Religious party. Some of its members identify with the Gush Emunim Movement and the party shares their view that the whole of the West Bank is an integral part of Israel.

Gush Emunim regards to-day's orders as a halt to its settlement policy and will no doubt try to stir up opposition.

The number of prospective settlers is small, but they call in *religious students and other sup*porters whenever they stage a demonstration against the Government.

U.S.-Israel talks, Page 2

Hua unanimously elected Premier by Congress

BY YVONNE PRESTON — PEKING, March 5.

HUA KUO-FENG was unanimously *elected* Premier of China by the 3,460 delegates to this afternoon's session of the Chinese parliament, the National People's Congress. He will continue to hold jointly the positions of Premier and Chairman of the Chinese Communist Party.

Yeh Chien-ying, the First Party *Vice-Chairman,* was elected Chairman of the Standing Committee of the Congress, a post equivalent to Head of State. His election was also unanimous.

As expected, a new Defence Minister, Hsu Hsiang-chien, 76, has been appointed to relieve the 80-year-old Yeh. Hsu is a member *of the Central Committee of the* Party, and was formerly a Vice-Chairman of the Standing Committee of the National People's Congress.

Vice-Premier Teng Hsiao-ping, expected by some to be appointed Premier, retains the post of First Vice-Premier. Most observers here feel that Teng is likely to have rejected the job of Premier because of its protocol demands.

The Chinese people tend to see *Teng as Premier* in all but name.

Thirteen Vice-Premiers were elected, one more than the number appointed at the last People's Congress in 1975. They include one woman, Chen Mu-hua, Minister for Economic Relations for Foreign Countries, who takes over from the former woman *Vice-Premier, Wu Kuei-hsien.*

Former twelfth Vice Premier Sun Chien, a Tientsin worker has also been removed from the ranks of Vice-Premiers who now include the heads of two new or revived National Commissions charged with the implementation of China's ambitious "Four *Modernisations Programme."* They are Fangyi, Minister of the State Scientific and Technological Commission, and Kang Shih-en, Minister in charge of the State Economic Commission.

There are now 37 Ministers compared with the former 29. Additions include separate Ministries for Civil Affairs and China's National Minority.

Sydney Morning Herald

Weather

U.K. TO-DAY

DRY and sunny generally.

London, S.E., E., Cent. S., Cent. N. England, E. Anglia, Midlands

Dry, sunny spells; mist or fog patches early. Max. 8-10C (46-50F).

Channel Is., S.W., N.W., N.E. England, Wales, Lakes

Dry, sunny spells. Max. 8-10C (46-50F).

Scotland, N. Ireland, I. of Man

Cloudy. Some rain. Max. 8C (46F).

Outlook: Milder.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsdm.	F	7	45	Madrid	S	14	57
Athens	S	18	64	Manchstr	S	8	46
Bahrain	C	27	81	Melbourne	S	19	66
Barcelona	F	15	59	Mexico C.	S	24	75
Belfast	F	6	43	Milan	C	8	46
Belgrade	F	21	70	Montreal	S	−15	5
Berlin	R	6	43	Moscow	F	2	36
Brmghm.	S	7	45	Munich	R	4	39
Bristol	S	8	46	Newcastle	S	7	45
Brussels	F	8	46	New York	S	−5	23
Budapest	C	12	54	Oslo	C	3	37
B. Aires	S	23	73	Paris	C	7	45
Cairo	S	31	88	Perth	S	36	97
Cardiff	S	7	45	Prague	C	5	41
Chicago	S	−11	12	Reykjavik	C	−3	27
Cologne	F	7	45	Rio de J'o	C	25	77
Copnhagn	C	4	39	Rome	F	14	57
Dublin	F	11	52	Singapore	C	30	86
Edinburgh	S	6	43	Stockholm	Sn	1	34
Frankfurt	C	7	45	Strasbrg	R	5	41
Geneva	C	7	45	Sydney	S	26	79
Glasgow	S	7	45	Tehran	S	18	64
Helsinki	C	1	34	Tel Aviv	C	18	64
H. Kong	C	17	63	Tokyo	S	9	48
Jo'burg	C	24	75	Toronto	S	−13	9
Lisbon	S	13	55	Vienna	R	7	45
London	S	9	48	Warsaw	C	2	36
Luxemb'g	F	6	43	Zurich	R	4	39

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	14	57	Jersey	S	8	46
Algiers	R	14	57	Las Plms	F	19	66
Biarritz	C	11	52	Locarno	F	9	48
Blackpool	S	7	45	Majorca	F	15	59
Bordeaux	F	9	48	Malaga	S	17	63
Boulogne	F	7	45	Malta	C	18	64
Casablnca	F	15	59	Nairobi	C	22	72
Cape Tn.	S	24	75	Naples	R	12	54
Corfu	F	17	63	Nice	C	13	55
Dubrovnik	C	17	63	Nicosia	C	18	64
Faro	S	15	59	Oporto	S	15	59
Florence	F	18	65	Rhodes	S	19	66
Funchal	F	17	63	Salzburg	C	1	33
Gibraltar	S	17	63	Tangier	S	16	61
Guernsey	F	7	45	Tenerife	S	15	59
Innsbruck	R	5	41	Tunis	S	17	63
Inverness	C	5	41	Valencia	S	18	64
Isle of M.	S	6	43	Venice	C	10	50
Istanbul	C	9	48				

F—Fair. S—Sunny. C—Cloudy. R—Rain

THE LEX COLUMN

Three years down Burmah's road

As the BP share price sinks in reflection of declining profit prospects in Alaska and the North Sea, few investors can look back more happily at the timing of their dealings than H.M. Government. It was the Government's agent, the Bank of England, that stripped 77.8m. shares out of Burmah Oil in January 1975 at 230p a share, comfortably close to the low of around 190p. And last June, of course, 66.8m. shares from the Treasury's holding were sold here and in the U.S. at an average price only about £1 short of the all-time peak of 966p reached *last* May. That amounted to a realised profit of over £400m., and the Government doesn't pay capital gains tax.

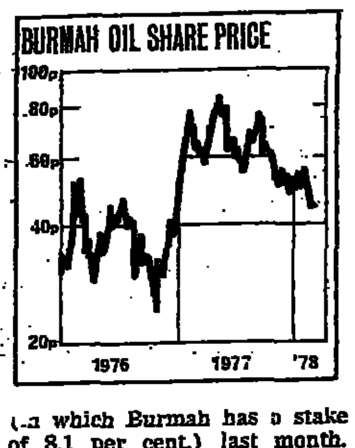
Lack of news

There is no comfort in all this for shareholders of Burmah, despite the company's writ *against the Bank* claiming the return of the 77.8m. shares, now worth £563m. A complete silence has fallen over the legal action, supposedly because of a lengthy period of discovery of documents by the two sides. Apart from anything else, the fall in the BP price is eroding the value of the legal claim. And Burmah's own share price is standing at little more than *half last year's peak: early relief* at the conclusion in January 1977 of the financing deal for LNG carriers, which at last gave assurance that Burmah would have some sort of future, has faded in line with hopes of any fundamental improvement in the tanker crisis.

The company has just taken delivery of Burmah Endeavour, a 445,000 dwt tanker, the financial burden of which is not going to be significantly lightened by a one-year charter arranged with Exxon, while the sister ship Burmah Enterprise will be delivered shortly. In current conditions there is little chance that Burmah will be able to put into effect its original grand strategy to keep its tanker ship*ping fleet employed on voyages* to and from the Bahamas transhipment terminal at profitable rates. Nevertheless the terminal has been a beneficiary of the U.S. energy gap and throughput has been running at something like two-thirds of effective capacity, boosted by U.S. Government contracts to tranship oil destined for the strategic petroleum reserve.

It still looks as though the Indonesian LNG contracts and the Thistle field in the North Sea will be the means whereby Burmah can move back into profits and dividends over the next year or two. *Two vessels* are now shipping gas compared with an eventual total of seven, and production started up at Thistle

BURMAH OIL SHARE PRICE



(in which Burmah has a stake of 8.1 per cent.) last month. Useful cash *flow benefits* are due from Thistle this year, but it is going to be 1980 before these two projects are operating at near their full potential. Meanwhile the 140,000 shareholders have gone without a dividend now for three years.

Against this unexciting news background the Burmah Shareholders Action Group is grappling with a dilemma. It has collected substantial amounts *of money from share*holders, many of whom are elderly and do not have time on their side. On the other hand it has no real grounds for complaint against the Burmah management at present except in respect of lack of information. Not only has a period of six months gone by since anything was said about the legal claim (now 17 months old) but many mysteries remain about Burmah's collapse and rescue.

For the moment the Action Group *can do little more than* press for facts, applying a certain amount of pressure through its ability to propose resolutions at the forthcoming annual meeting.

Consortium banks

Enthusiasm for the consortium approach to international banking has been fading for some time now. Last year three banks were swallowed up by their parents, and *over the next few years others* seem likely to suffer a similar fate.

As long as a consortium bank could provide a specialist service to shareholders it was easy to justify its existence. But, increasingly, consortium banks are finding that their ... overlaps that of their ... and consequently they ... really justify their ... survival by maintaining ... average profitability ... recent batch of consortium profit figures shows, ... always an easy matter.

Last year was a ... period for a number of ... Admittedly, one or two ... Nordic bank, where ... profits jumped 148 per ... appeared to do well ... was a strong element ... recovery here and the ... lying level of profits remained relatively low ... while. European B... Company, which had be... of the fastest growing ... profitable banks, posted ... per cent. drop in pre-tax and cut its dividend rate ... United International B... its profits dip by 5.4 per ... For both banks this w... first profit setback in their histories.

There are various ... tions. The volume ... business has been ... *margins* have been under pressure and as medium ... loans have matured th... had to be replaced ... profitable assets. *But the* most important reason ... the sharp fall in the ... which has hit the bulk ... business. In 1976 the ... in the pound boosted ... tium banks' profits by ... one-quarter and a thi... this year adverse ... rate movements have ... earnings noticeably. ... only *one bank, Inte...* Mexican Bank, has ... the impact—it reduced ... by around 12 per cent.

Exchange rate mo... have certainly knocked ... off the consortium ban... results, but what really ... the eye is the superior ... ability of the specialist ... banks such as Eulabank and Intermex which ha... able to push their ... sharply higher in 1977 ... return on assets is cons... higher than average.

Concentration on high ... Latin American busine... present problems at som... date but for the time be... type of "specialist" ban... to have found a role fo... By contrast it is har... optimistic about the l... role of banks such as ... Banking Company, as lo... after-tax return on ... remains roughly ha... earned by a sharehold... as Midland Bank

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